U. S. DEPARTMENT OF AGRICULTURE

Commodity Stabilization Service
and
Foreign Agricultural Service

REPORT OF MEETING ON AGRICULTURAL COMMODITY EXPORT PROGRAMS HELD IN PHILADELPHIA, PENNSYLVANIA ON JANUARY 22, 1957

Prepared by:
Office of the General Sales Manager
Commodity Stabilization Service
Agriculture - Washington

U. S. DEPARTMENT OF AGRICULTURE
PHILADELPHIA MEETING
ON AGRICULTURAL EXPORT PROGRAMS
HELD ON JANUARY 22, 1957

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The third in the series of export trade meetings sponsored by the Commodity Stabilization Service and the Foreign Agricultural Service of the U. S. Department of Agriculture was held in Philadelphia, Pennsylvania on January 22, 1957. The meeting was publicly announced and was opened to all who wished to participate.

The meeting was held at the Center for International Visitors of the City of Philadelphia's Board of Trade and Conventions. In addition to the facilities and assistance of the City's Board of Trade and Conventions, the Chamber of Commerce of Greater Philadelphia, the Foreign Traders Association of Philadelphia, the Philadelphia Port Bureau, the Delaware River Port Authority and the U. S. Department of Commerce's Philadelphia Field Office also cooperated in arranging for the meeting and in the luncheon held in conjunction therewith.

The meeting was attended by 16 exporters, 28 representatives of transportation, forwarding and related service organizations, 13 banking officials, 13 representatives of local commercial trade organizations, public agencies and the press. A complete list of the 70 registered persons attending the meeting is attached.

A verbatim report of the proceedings has been prepared from notes taken during the meeting by a staff member of the Department of Commerce's Philadelphia Field Office. A copy of this report is also attached. 1/

A list of the publications and other materials made available to the trade participants during the meeting is attached. Subsequent to the Philadelphia meeting the charts displayed by the Office of the General Sales Manager, Commodity Stabilization Service, during the meeting and used by the General Sales Manager in his presentation were reproduced and made available in set form for general distribution. A copy of this chart material is attached.

The full page report, including photographs taken during the meeting, of the Philadelphia meeting appearing in the February, 1957 issue of COMMERCIAL AMERICA (a monthly publication of the Board of Trade and Conventions of the City of Philadelphia) is also attached to a limited number of copies of this summary statement. The text of this report has been reproduced and is attached to all other copies of the statement.

1/ Although floor discussion generally varies in accordance with the interests of the trade participants in each of the current series of meetings with the agricultural commodities export trade, the government agency presentations of the various items on the agenda, as set forth in this report of the Philadelphia meeting, generally parallel the presentations made at other meetings in the series. The report of the Philadelphia meeting therefore is the only detailed report which will be made on any of these meetings. Other meetings in the series are covered by summary reports which usually include a detailed coverage of the questions and answers occurring in general floor discussion. However, the floor discussion in the Philadelphia meeting is representative of the types of questions and answers discussed in the other meetings.

Trade participants' comments on the meeting are generally summarized in the following reports from representatives of two of the Philadelphia groups which cooperated in the meeting:

Excerpt from letter of January 25, 1957 from Mr. C. R. Matheson, Business Analyst, Philadelphia Field Office, U. S. Department of Commerce, to Mr. Frank C. Daniels, General Sales Manager, Commodity Stabilization Service

> "This is to let you know how very much your recent visit to Philadelphia, and that of your associates on the forum-panel, is appreciated. We have heard several most enthusiastic comments, since then, on the value to individual local businessmen, of the new vistas of opportunity which your team presented so clearly."

Excerpt from letter of January 31, 1957 from Mr. John H. Frazier, Coordinator, Delaware River Port Authority, Camden, New Jersey to Mr. Harry I. Dunkleberger, Assistant to the General Sales Manager, Commodity Stabilization Service

> "We have received so many favorable comments regarding the Conferences that was put on by your team from Washington on Tuesday, January 22, that I want to pass the word on to you.
>
> "There have been few meetings of a similar nature where those who participated created so fine an impression as having genuine and clear cut objectives with a well thought out program of execution,
>
> "As I have had occasion to talk with individuals who attended, I have asked for reactions and possible suggestions and evidently the program was so well worked out and executed that about all I get are the favorable comments."

Specific participant comments on the meeting made at the conclusion of the proceedings are set forth at the end of the attached verbatim report of the meeting.

Attachments

1-Report of Meeting
2-List of Participants
3-List of Publications and other Material Distributed at the Meeting
4-Report of meeting contained in Commercial America, Feburary, 1957 Issue
-Chart Material (separate booklet accompanying this report entitled, "What We Are Doing About Agricultural Surpluses" issued by the Office of the General Sales Manager, Commodity Stabilization Service, dated April, 1957)

Commodity Stabilization Service
and
Foreign Agricultural Service
of the
U. S. Department of Agriculture

REPORT OF PHILADELPHIA MEETING ON AGRICULTURAL EXPORT PROGRAMS

January 22, 1957

MORNING SESSION

Opening Remarks
John H. Frazier, Coordinator
Delaware River Port Authority

Folks are still coming in, but we think it is time to start. It appears the fog held up a lot of people.

We are very happy that our friends in Washington asked us to arrange this, and we are indebted very much to the Commercial Museum and Mr. Hunter, who will welcome you. We are sure that the meeting will result in a better understanding of the government agricultural export programs and our role in them.

We have done quite well in handling foreign agricultural surpluses. We have found that 43 million bushels of grain went through Philadelphia in 1956, along with dried milk, butter, and things like that. I am sure that we have had at least $1\frac{1}{4}$ million tons this last year. It would not be less than a million and a quarter. A good part of it has been bulk.

We want to tell you a little bit about our program. It was planned that the meeting would be over at lunch time. The plan was changed somewhat. There will be the morning program, a discussion period, then luncheon with an outstanding speaker just back from Paris on Saturday. He is going to report here before Washington, and we are very proud of that. There will be a coffee break in this mid-morning session. Luncheon will be downstairs below Convention Hall. You will be guided to that place. We have arranged for a catered luncheon because there is no other place to eat in this area, and the fee will be picked up. We don't want any of our friends from Washington to pay that fee.

With that, I will ask Mr. Ed Hunter, who is Chief of the Trade Promotion Division, Board of Trade and Conventions, City of Philadelphia, to say a word of welcome to you.

MR. HUNTER:

I don't particularly care for this kind of role, but I would like to welcome all you gentlemen to the Trade and Convention Center. We just finished this building last May. This is one of the first groups we have

had meet in this auditorium. I am very happy to have you here. I want to greet you all.

We have been in the foreign trade field for pretty nearly 60 years. The Foreign Trade Bureau is one of the major parts of our organization. In fact, the Museum grew out of the need for businessmen back in the '90's and 1900's to know something about foreign countries, and the Commercial Museum is the only Museum of its kind in this country.

We also publish the magazine, "Commercial America," and another one in Spanish called "America Comercial."

I would like to introduce to you Jim Ballentine, manager of our Foreign Trade Bureau, and who is in his 50th year with the Bureau. Also, I would like to introduce the editor of our magazine, Mr. Edward Stone. These gentlemen are going to stay with you through the various sessions. I will have to leave, to attend a meeting of our Board.

I reiterate that we are very happy to have you here and the Board of Trade and Conventions hopes that if you ever have another meeting like this, you can come out here again.

MR. FRAZIER:

I think I failed to mention that after the luncheon there will be an afternoon session.

Mr. Dunkleberger, who will follow me now, will tell you more about the agenda for the meeting. I am very happy to have worked with him in arranging this meeting. Up to now ours has been a telephone acquaintance in arranging all these details. It has been grand to work with him.

I take great pleasure in introducing to you Mr. Harry I. Dunkleberger, Assistant to the General Sales Manager, Commodity Stabilization Service, U. S. Department of Agriculture.

MR. DUNKLEBERGER:

Thank you. Ladies and gentlemen, I wish first to state that we in the Department of Agriculture reciprocate the sentiments expressed by Mr. Hunter and Mr. Frazier, particularly with respect to the assistance given us in making this meeting possible.

In particular, we wish to express our appreciation of the assistance of the City of Philadelphia in arranging for the meeting to be held at the Center for International Visitors.

Attachment 1

U. S. DEPARTMENT OF AGRICULTURE
Commodity Stabilization Service
and
Foreign Agricultural Service

REPORT OF MEETING ON AGRICULTURAL EXPORT PROGRAMS HELD IN PHILADELPHIA, PA., ON JANUARY 22, 1957

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Morning Session

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Afternoon Session

28-35	General Floor Discussion of Subjects Presented In Morning Session	Various
35-37	Barter and Stockpile Programs of the Commodity Credit Corporation	Robert O. Link, Chief, Contract Administration Branch, Barter and Stockpiling Division, Commodity Stabilization Service
37-39	Financing Exports of Agricultural Commodities Through the Export-Import Bank of Washington	George Galloway, Loan Officer, Export-Import Bank of Washington
40-41	Commodity Credit Corporation's Export Credit Sales Program	Ralph E. Spencer, Staff Assistant, Office of the General Sales Manager, Commodity Stabilization Service
42-46	General Floor Discussion of Subjects Presented In Afternoon Session	Various

This is the first meeting in the series we are holding with the export trade in various cities in which we have been extended an "official greeting" -- in this case from the City of Philadelphia. This is not too surprising, in view of the fact that Philadelphia is noted for its brotherly love, and apparently that even extends to Washington bureaucrats.

We also wish to acknowledge more specifically the assistance we received in arranging for this meeting from the City of Philadelphia's Department of Commerce, through Mr. Ed Hunter; the Foreign Traders Association of Philadelphia; the Chamber of Commerce of Greater Philadelphia; the Philadelphia Port Bureau; the U. S. Department of Commerce Field Office; the Delaware River Port Authority. I have already mentioned Mr. Frazier but wish to mention him again for his help in assisting in the meeting.

The next part of my job is to introduce the Government agency representatives who are going to speak to you during the day. One reason we introduce them at the beginning of the meeting is to let you know who they are, so that you can speak to them informally during the coffee break, or during lunch.

We have with us for today's meeting Mr. Daniels -- I will introduce him more in detail in a few minutes; Mr. O'Leary, Associate Director of the Foreign Trade Programs Division, Foreign Agricultural Service. Two of the gentlemen whose names appear next on the agenda made plane reservations and are apparently delayed by the fog; they are Mr. Martin J. Hudtloff, Director, Transportation and Storage Services Division of the Commodity Stabilization Service and Mr. W. A. Spencer, Chief, Division of Operating Agreements and Traffic, National Shipping Administration, U. S. Department of Commerce. I will introduce them when they show up. We have Mr. C. E. Raeder, Staff Assistant of the Office of the General Sales Manager, Commodity Stabilization Service; Mr. F. Richard Burke, Assistant to the Deputy Administrator for Marketing Services, Agricultural Marketing Service; Mr. Robert O. Link, Chief of the Contract Administration Branch, Barter and Stockpiling Division, Commodity Stabilization Service; Mr. George Galloway, Loan Officer, Export-Import Bank of Washington; and Mr. Ralph E. Spencer, Staff Assistant, Office of the General Sales Manager, Commodity Stabilization Service, U. S. Department of Agriculture.

I think that covers everyone except for one gentleman who is not listed on the agenda, Mr. Stanley Phillips, Foreign Trade Programs Division, Foreign Agricultural Service. He is here to answer any questions you may have with respect to the information and publications services of the Foreign Agricultural Service.

The Department of Commerce has been collaborating with us at this meeting, and they are represented at this meeting by Mr. William M. Park and Mr. Charles R. Matheson of their Philadelphia Field Office. As the agenda indicates they will be glad to answer any questions or provide information as to the services of the Department of Commerce available to the agricultural commodities export trade.

Mr. Frazier has mentioned that we have a luncheon talk scheduled. We arranged that so that we could have a member of the private trade who has been cooperating in the Department of Agriculture's overseas market development programs give us his first-hand observations on the problems, progress and prospects in connection with increasing our agricultural exports.

Next, I would like to briefly outline what we hope to accomplish at these meetings. We are not here to discuss particular problems in connection with any particular programs or to iron out some of the bugs with respect to the programs or any particular commodities. We will of course discuss any such "problem" or "bug" as any of the trade participants wish to raise during the meeting. One of our objectives in holding this meeting is to discuss the highlights of the various programs and to have an opportunity to discuss with you how they work and to get your views as to how the export movement of agricultural commodities can be facilitated and increased.

We have several new programs that we have in mind explaining to you a little more in detail than is possible by press releases and formal program announcements--the Export-Import Bank credit program and the CCC's Export Credit Sales Program. As I mentioned, we also have as our objective the chance to meet with you informally and to answer any questions and to take up such items as you feel you can throw at us.

Another part of my job at these meetings is to explain, and I will try to do it in an understandable way, the organizational set-up and responsibility of the Commodity Credit Corporation in the surplus commodity disposal and sales picture.

You have heard me mention CCC and the Commodity Stabilization Service. The Commodity Credit Corporation, or CCC as we abbreviate it, is a Congressionally-chartered corporation which is responsible for financing the Government's price support programs. It has the job of managing the inventories taken over as a result of these price support programs and of selling the commodities so acquired. The CCC uses as its operating instrumentality the Commodity Stabilization Service. The Corporation has a board of directors and a staff of executives. In this regard most of the directors and the executive officers wear two hats. For example, the Under Secretary and Assistant Secretaries of Agriculture are also members of the CCC Board of Directors. The Executive Vice President of the Commodity Credit Corporation is the Administrator of the Commodity Stabilization Service, the General Sales Manager of the Commodity Stabilization Service is a Vice President of the Corporation, etc.

The Corporation also finances Public Law 480 programs, administered in this case by the Foreign Agricultural Service. Financing is done through the CCC. I probably have said just enough to confuse you and not enough to clarify the set-up.

Having given you a very brief picture of the structure and officials of the Corporation, I will move right on to the next part. We have here Mr. Frank C. Daniels, who I do not think I need to introduce to many of you. In this case,

Mr. Daniels wears three hats - he is Vice President of the Commodity Credit Corporation in charge of CCC's sales activities; a special advisor to the Board of Directors on sales activities; and is the General Sales Manager of the Commodity Stabilization Service.

He has had extensive commercial experience, and came to the Department with experience not only in general merchandising but in sales activities of agricultural product manufacturing firms. He served a period as assistant sales manager in one of the largest feed manufacturers in the country. He also served as Director of the National Grain and Feed Dealers Association.

I will turn the chair over to Mr. Daniels.

MR. DANIELS:

I am very happy to be here today to discuss the different phases of our surplus commodity sales and disposition programs.

I first want to fill you in a little on the background of this whole program, which is a natural outgrowth of our economic development in which everyone in America is vitally interested.

I like to think, when I meet with groups like this, that I am reporting to you as stockholders in the largest commercial corporation on earth. As American taxpayers, you are direct stockholders in the Commodity Credit Corporation, which has a borrowing power and authority of something over 14 billion dollars. We have actually borrowed something over 12 billion. I don't know how much money that is, but I have a strong suspicion that it is a whale of a lot of money, and it is your money and my money and the money of every taxpayer. To be the custodian of this sum is a tremendous task and great responsibility. It presents a tremendous challenge, not only to the Commodity Credit Corporation, but also to the people who are engaged in trade and commerce here and abroad. It is a natural development of the economic evolution that we are going through.

I like to think, in connection with this program of handling commodities which are the product of the American soil, that we have built and developed in America the greatest production machine the world has ever seen. We should be proud of this accomplishment and do everything within our power to preserve this productive "know how". But productive "know how", as we have seen, can pile up surpluses occasionally, and those surpluses become troublesome. In recent years, our productive capacity has outstripped our ability to find outlets. That has been especially true of wheat, corn, cotton, dairy products, and several other commodities.

That is the job we hope we are doing in Washington. It is part of our job to manage these inventories that come into the hands of the Government as a result of our different price support and loan programs, and also to manage the agricultural commodities that may be in surplus and are not in the hands of the Government.

No one program will do this job. We have developed several programs. Having learned to produce these commodities, and having learned to store them, now we must learn how to sell them.

The greatest challenge now is learning how to distribute our agricultural commodities over the world to people who need them, so that we can put more food in their bellies and more fibre on their backs. We are doing it in the American free enterprise manner, through private enterprise.

I am glad to discuss this with you so that you may have a clear understanding of the problems, and so that we can all work in unison and do this job together, with the result that standards of living will be increased at home and abroad. We will move on to a better way of life. It is probably one of the greatest challenges that any group of people ever had to face.

Distribution of commodities is one of the great problems we have today. The different agencies of Government are all alert to this important problem. It falls to my task to guide the sales of these commodities that are in the hands of the Government.

I came into the Government as a consultant and was appointed from this status to General Sales Manager of the Commodity Stabilization Service and Vice President of the Commodity Credit Corporation when this position was created on July 1, 1955.

We moved ahead in the task, and I would like, for the sake of clarification, to outline a few of the programs we have developed to do the job.

In merchandising or in distributing our commodities, we cannot proceed under any set rule, because we run into varied conditions. In the first place, we produce enough in this country to take care of the requirements of people who can buy commodities for dollars - domestic. We have enough corn, wheat, cotton, wool, fats, oils, dairy products so that there is no one who must do without food or clothing. We have a certain group of people, the school children, the older people, the more unfortunate economically, people in institutions, and we are taking care of these people. There is no one in the institutions of America who is in want for any of the products of the American soil. We have, first, the fellow who can buy it, then the people in our local society who need it. We take care of our people at home first.

In addition to that, we still have commodities left. And so we reach out into the markets of the world, and, on a competitive bid basis, we try to sell all of the commodities that we possibly can, for dollars. Many people think that our foreign program is a give-away program - one of just trying to get rid of the stuff. That is not true. Our first and foremost consideration is to find markets for dollars.

We have more than enough to take care of that market, and we have good friends and good people around the world who say, "Yes, we want some of your

corn, wheat, cotton, etc., but we don't have the money to pay for it today." So we worked out a common-sense credit program - known as the CCC's Export Credit Sales Program which is available to U. S. exporters. We later worked with the Export-Import Bank, which is doing a marvelous job of extending credit to foreign importers. Through the Bank's recent announcement of stepped-up financial assistance available to foreign importers, we now have another credit program that we can offer to the world traders. These are part of the dollar sales programs.

We also have people around the world who do not have money but have diamonds, chrome and other strategic materials that we need here, so we say to them, "We will trade what we have for what you have." And so we have our barter program. This is another program of the Commodity Credit Corporation.

And then we have, under the ICA, certain countries whom we want to assist and strengthen on the basis of Mutual Security and we use our dollars to finance agricultural commodity exports to these countries. This is the Section 402 program.

And then again we transfer some of these commodities to different agencies of the Government, like the Department of Defense and Veterans Administration as a means of increasing the utilization of dairy products; providing the usual quantities of dairy products have been purchased in the normal channels of trade.

And we also say to other people around the world, "You don't have dollars and you can't get credit. We believe you will be better off if we kind of give you a lift." It also happens that certain of our commodities do not fit in with the requirements or consumption patterns of countries which do have dollars and markets in non-dollar countries are the only outlets thus far developed for these commodities. We have developed one of the most important programs to meet this dollar-short situation and for the distribution of these dollar problem commodities. This is known as Public Law 480, Title I.

We say to these people, "We will take your currency and then we will help you get on your feet by loaning you back a portion of that currency to develop your economy at home." These programs are particularly effective in some of the so called under-developed countries of the world and in distributing those commodities for which we cannot find dollar markets.

One of the best examples is the problem involved in the distribution of rice. Our inventory had jumped from 3 million bags in 1954 to 30 million bags in the spring of 1956. We had a very delicate situation in the distribution of that rice. Rice is hard to store; it is hard to take care of. It is an expensive thing to handle.

Indonesia, Pakistan, the Far Eastern countries use rice, so - we moved rice into the Far East under Title I of Public Law 480. It was a tremendous job of distribution.

And then under TitlesII and III of Public Law 480 program, we donate some of our commodities to countries or individuals both here and abroad who are visited by disaster or otherwise require relief assistance so that they can share in the bountiful production of the American soil. These donations are handled through churches and private charitable agencies.

All of these programs are tied together and we are making very definite progress in the distribution of U. S. agricultural commodities. If you will look at this chart here, you will notice some of the inventories that we took over have been, for the most part, all moved.

When I came into the Government, my first job was to move dried milk, cottonseed meal, dried beans, olive oil, etc. Those commodities were moved in such a way as to have a minimum adverse effect on our markets, both here and abroad. We must be very careful that we don't disrupt the economy of our friendly nations who may have commodities they sell in competition with ourselves.

So what do we do? This is how we merchandise them. Take, for instance, barley. We started here in July with a new crop, and we offered it on a bid basis and we were able to move it in the market in an orderly fashion and at the same time we maintained and increased our price. So we did not disrupt markets. We strengthen markets. On cotton, an outstanding job was done. On the first of January a year ago there was turned over to the sales department a million bales of cotton. The best information we could get from the cotton exporters was that we would be lucky if we moved from 250,000 to a maximum of 300,000 bales from the first of January to the first of August which was a new crop year. We put our program in shape, the exporters took hold, and on the first of March we had moved our million bales of cotton and we had not demoralized the price. And then the rest of the cotton was made available for sale. From the first of January to the first of December we moved 7,200,000 bales of cotton, we maintained a competitive price structure, but did not dump. Prices in world markets were stabilized. We think our cotton export sales program is an example of good merchandising.

There may be some people here who are interested in the wool trade. We have a program of distributing wool. When we started the program, markets were demoralized. People were not sure what we were going to do. We operated in an atmosphere of fear. But we have been able to move about 85 or 90 million pounds of wool in the domestic market, and prices have moved steadily upward.

This, then is what we are trying to do in our distribution job, and we are doing it through the private trade. These tasks are not easy. They are fascinating, they are a challenge, but they are not easy to accomplish.

As I mentioned earlier, it is useful in addressing ourselves to this job to keep in mind that the Commodity Credit Corporation has had three different

periods during which price support stocks were accumulated. The first came in the late 'thirties and the second occurred during the late 'forties. The third, the greatest in volume and longest in duration, came in the 'fifties.

The Commodity Credit Corporation largely liquidated its holdings on the two previous occasions. The first liquidation came as a result of expanded needs of World War II. The second was during the Korean War. Each of these liquidations came at a time of short supplies or expanded needs and at a time of rising prices. As a result, net realized losses on the price support program were modest.

The Secretary of Agriculture said, "The present liquidation is unique in that it comes in time of peace, when supplies are over-abundant, not only in the United States but in other countries. It comes at a time when the general trend of farm product prices throughout the world has been downward. We take pride in the fact that we are nevertheless succeeding in reducing CCC inventories."

CCC disposals of all kinds, by fiscal years are:

Year	Million Dollars
1953	520
1954	1,424
1955	2,115
1956	2,723
1957 (estimated)	3,976

As the Secretary points out, while we have engaged in this massive disposal operation, the price structure at home and abroad has been safeguarded, and the good will of other agricultural exporting nations is, for the greater part, being retained.

It is true that the rate of export movement has recently been increased by a number of events which may not be repeated, and that therefore the recent high rate of export may not continue. Among these developments are short supplies of wheat and oil crops in Europe, the Suez crises, and the replenishing of depleted cotton stocks abroad.

We have not only sold great quantities of cotton, wheat, rice and wool; we have drastically reduced other items and completely liquidated holdings of many other commodities:

Commodity	Peak Inventory	Year	Present Inventory
Butter	520,847,000 pounds	1955	6.2 million*
Cottonseed oil	877,738,000 pounds	1955	0
Cottonseed meal	1,013,428,000 pounds	1953	0
Linseed oil	528,028,000 pounds	1951	0
Flaxseed	9,494,000 bushels	1954	0
Seeds	427,963,000 pounds	1953	0
Soybeans	8,254,000 pounds	1956	0
Tung Oil	38,615,000 pounds	1955	0
Honey	6,168,000 pounds	1953	0

* As of January 22, 1957

While we are greatly enthused over the progress we have made in selling surplus agricultural commodities, there are several commodities that remain a challenging problem.

While we will have sold about 7,000,000 bales of upland cotton by July, 1957, we must then attack about 6,000,000 bales taken over from the 1955 crop. When we entered the export field to recapture our export market, it was the consensus we would sell at the most, 2-3 million bales. We sold 7, but the going may get tougher.

If we were the only people who had an agricultural problem, that would be one thing, but most every nation on earth that is an agricultural nation has a problem of one kind or another. We have something around 800 million bushels of wheat. But that is not the wheat surplus in the world. The surplus of the U. S., plus Canada, plus Argentina, plus Australia adds up to something over 2 billion bushels of wheat which is the real surplus.

That is the figure that we must take into consideration, because we must be very careful that, in our anxiety to move our commodities, we do not demoralize the economy of some of our friends who also have a problem.

In moving our products into world markets, for example, we inevitably compete with the Danes, Scandinavians, New Zealanders and others. Our export operations must be undertaken with an eye on theirs, because they must "export to live", as the saying goes.

In the distribution of cotton, we must be very careful that we do not disrupt the economy of Mexico, Brazil, Turkey - other countries that we are otherwise working with in the family of nations.

On tobacco, we have another problem, and so it goes.

We must recognize that there are two types of people who tend to view our disposal program with trepidation --- our customers on the one hand and our competitors on the other. It takes quite a lot of doing to move things into the world markets against these particular attitudes.

It was with the idea of getting a clearer understanding of conditions and attitudes abroad that I took a trip to Europe this summer, and it was revealing to me to get a close-hand picture of some of the problems with which we are faced.

It was rather disheartening for me to stand in a booth in the London Food Fair and see a display of 112 different kinds of cheese from all over the world. With England the greatest market for cheddar cheese in the world, and I - the General Sales Manager of the corporation that has the greatest inventory of cheese in the world, found to my consternation that there was not one pound of American cheese in that booth! We can put dairy products in England on only one basis, and that is the number of dollars that the British government allocates. With their Empire preference operating, little cheese comes into England from America - we ship only a few odd cars to this market.

A year ago, France had a bumper crop of wheat. They had a surplus of two million tons. In France, they do not store their commodities like we do. There was only one thing they could do - export it. And so, we sat here with our soft red wheat because France had moved its wheat and had moved it at a reduced price.

This year, France has a crop failure, and she is importing a million and a half tons of wheat, but she has a surplus of 2 million tons of barley, which interferes with our feed grain program.

We have to meet these conditions day to day, week to week, month to month, season to season. And we also must be very careful that we do not hurt some of our friends with one hand more than we help them with the other.

In Athens, I talked to the heads of the Greek Government. They were very appreciative of the help we were giving them in our shipments of wheat and feed grains under Public Law 480. They were very critical, however, of what we were doing in competition with them in Italy with our cotton program. Because of the policy we pursued in America to keep a high price on cotton and thereby keep an umbrella over the world cotton markets, Greece was able to develop a small export business with Italy on cotton produced in Greece. We became active in moving our cotton into world markets, and the struggling little economy of Greece became very fearful of what we might do to their export business.

I asked them how much cotton they had for export and they said about 150,000 bales. We had a problem of moving $7\frac{1}{2}$ million bales of cotton - and they had the problem of moving about 150,000 bales. They are our sincere friends, and those 150,000 bales of cotton mean as much or more to them than

the $7\frac{1}{2}$ million bales mean to us. I mention this to illustrate how careful we must be in moving our inventories into world markets.

We are moving forward in the job with the cooperation of the different trade interests in America. We firmly believe that we can keep the profit motive alive and keep American business men interested in this problem, so that we will be able to develop ways and means of distributing these commodities, in a way that is going to help both our economy at home and the economies of every other country with which we do business.

And that, gentlemen, is our challenge. That is why we are here this morning, and I deeply appreciate the opportunity of presenting this program to you. Thank you.

MR. DUNKLEBERGER:

Thank you, Frank. From your presentation, I think it is fair to observe that you not only wear the three hats I mentioned earlier but, from the reactions to your trip which the Department of Agriculture has received both from the trade and from U. S. Embassies abroad, it appears you are about to acquire a fourth - roving sales ambassador. Speaking for the other government folks on the program, I will also comment that your down-to-earth understanding and presentation of these programs are a real challenge to us.

The next speaker is Patrick M. O'Leary, Associate Director, Foreign Trade Programs Division of the Foreign Agricultural Service.

Pat is one of the work horses in administering the PL 480 program Mr. Daniels described briefly just a few minutes ago. In addition to outlining this program in more detail, he will also discuss the programs and services of the Foreign Agricultural Service which are available to assist exporters and other trade groups in facilitating, maintaining or expanding overseas markets for U. S. agricultural commodities.

MR. O'LEARY:

The big push on surplus disposal has been going on for about three years. For the first year and a half, it looked as if surplus was coming in a lot faster than we were able to send it out. Surpluses were piling up, higher and higher. But when I look at this chart and see that a good part of the job has been done, it pleases me that Frank Daniels kept on plugging.

The Foreign Agricultural Service is a comparatively new organization. It has functioned about three years in its present form. The Attache service taken over from the Department of State in 1954 has been expanded, until now we have 85 Attaches.

The various services of the Foreign Agricultural Service are, together with information on where particular services can be secured, explained in the leaflet, "Services to U. S. Agricultural Exporters," which you will find on the table outside of this room. Those of you who are not well acquainted with the Foreign Agricultural Service might find this leaflet helpful.

The Foreign Agricultural Service is that agency of the Department of Agriculture which is assigned the responsibility for providing essential services to U. S. agriculture in connection with matters pertaining to foreign agriculture and international trade. The most important of these can be classified under three general headings: first, information; second, representation; and third, market promotion.

In connection with Information, it is, I think, generally conceded that no operation, whether it be the export business or any other type of business operation, can be conducted successfully without the exercise of sound judgment. In order to exercise sound judgment, accurate and timely information is necessary. In the interest of providing this to U. S. agriculture, the Foreign Agricultural Service has its Attaches - 85 of them - stationed at 55 posts throughout the world. Agricultural Attaches are constantly obtaining all information which they can get through all means at their disposal relating to agricultural policies in the various countries, production and consumption trends, competition and marketing possibilities. In addition to this reporting, the Service has a corps of Marketing and Area Specialists based in Washington, who are constantly traveling throughout the world gathering information in areas which are of particular importance to U. S. exporters of agricultural commodities.

The resulting mass of material which is obtained through these means is fed into a continually grinding grist mill in the Department, where it is given an analysis and reduced to usable form and made available for use. This is disseminated by means of press releases, our weekly publication, several monthly publications, and various bulletins and pamphlets. One is a study which has just been completed. You will find that on the table just outside the door. I urge you to take one. You can decide whether it would be useful to you in your export operations. This applies, likewise, to all our publications relating to foreign agriculture and foreign trade. We are always glad to get the reaction of the actual end users.

The information which is gathered as the result of our investigation is generally conceded to be the best available. A world-wide intelligence system is no better than the service which it provides to the end user. Mr. Phillips is available to explain them to you. He will be standing by. Don't hesitate to ask him any questions about the general content of the publications. Most of them are available on free subscription.

So far as representation is concerned, our Attaches and specialists are at all times looking to it to see that U. S. agriculture has its best foot forward where it counts most--that is, with the foreign buyer and with his government. This involves a multitude of activities, and two of the most important are, first, the correction of the many misconceptions as regards U. S. trade practices and the quality of U. S. commodities--their suitability in the foreign market; the other, is the recommending of measures and steps which the U. S. trade itself can take to make more acceptable the quality of our goods, the packaging of our goods, and our trade practices.

I have noticed, in the two and one-half years that I have been engaged in this particular type of work, that the U. S. trade has become more and more conscious of the necessity of supplying good products if we wish to hold our very important position in the world market. The importance of our export market has been underemphasized. Percentage wise, it is not large. About one acre in ten - that is the amount of our produce that goes into export. It is a small percentage, but it is in an area that, if you lose a small percentage, you are going to suffer more than you would imagine.

In the field of market promotion, of course, there is our old line activity, both in the area of information and the area of representation. Our Attaches and marketing experts are constantly working with representatives of various governments of foreign countries and foreign trade groups to maintain existing markets and create new markets, with particular emphasis on commodities which are not the main items of trade, such as variety meats, tallow, soybeans, and so on. Special opportunities for market promotion have been presented to us during the last two years in connection with Title I of Public Law 480. This is the program which authorizes the incurring of costs by CCC of three billion dollars in financing sales of commodities for foreign currencies. The Congress, in its wisdom, placed certain safeguards in the law. It is required that appropriate safeguards be taken to insure that the commodities were not transshipped in competition with ourselves, and so on. As a result of these safeguards, agreements on a government-to-government basis are entered into which specify the kinds and amounts of commodities which will be financed, and provide for the safeguards involved. They also provide the uses to which the currencies will be put by the U. S. Government.

Once an agreement has been entered into, we get together with the representatives of the foreign government in Washington and work out with them a feasible plan under which they can procure what they want, when they want it, so long as the commodities which they want are surplus and so long as the commodity can be procured during a period in which it will not interfere with our usual normal dollar sales. When the terms of the over-all procurement have been agreed to, a purchase authorization is issued. This sets out the requirements necessary to justify the expenditure of the taxpayer's dollar. This, of course, is always a hindrance to export trade - but always a necessity when you are dealing with dollars of our government.

We have attempted to keep red tape to a minimum and, in many respects, have gotten a degree of simplicity which was not the case under the original Marshall Plan. I feel there is a way to go beyond even this simplicity, and, by degrees, we are eliminating more red tape.

The particular procedures relating to financial operation will be dealt with later, and Mr. Brenchley of the CCC Treasurer's office will be available to answer questions.

We have available, in mimeographed form, the fifth semi-annual report on activities carried on under Public Law 480. The report details the operations

which have taken place through December 1, 1956 under all phases of the Public Law 480 program, not only the agreements signed, but the shipments and currency uses. The report also covers barter, donations for domestic use and for distribution abroad by nonprofit voluntary agencies and intergovernmental organizations, etc., under Title III. Again, there are several copies of this report out there. They will be available very shortly in pamphlet form from the printer. Anyone who wishes copies should write for them.

The Title I program is not merely a surplus disposal program. It has been of value in the market promotion field. It has served in some countries to keep our commodities in the market during a period of dollar shortage, when the country would not have been able to buy from us. In those cases, the foreign trade would have gone to softer currency sources and possibly stayed with them.

We have used this program as a means of breaking into new markets with certain of our critical commodities which we had not previously been able to sell in these markets.

A considerable portion of the foreign currency is loaned back to the foreign country. In most cases, a percentage of that currency is utilized for re-lending to private firms. This aid to economic development in that country sometimes makes such a program possible because of the impact that program would have on the currency of that country. When such a program comes into being in a backward country, you have an instance of increased employment and, necessarily, increased consumption. Not only do you, in the long run, hope to have increased buying power in that country, but, in the immediate future, there is increased demand for consumption of goods which must be met. Even if they do not have more money to buy, it will mean that a larger share of the income will go towards food and clothing than has been going in the past.

Another and very important aspect, from my aspect of Title I, arises from the fact that, under Section 104 of the Act, we are entitled to use a portion of the foreign currency to carry out projects in foreign countries to develop and expand markets. During the first year of operation, U. S. farm commodities and exhibits were displayed at Trade Fairs throughout the world, where the exhibits were attended by millions of people.

Aside from the trade fair aspect and more important in the long-run phase of this particular program, are the market promotion projects which are carried out in conjunction with U. S. trade groups who supply the dollar amounts that are required while we supply the foreign currency.

We are most fortunate in having Mr. Gordon Lamont of the Dairy Society International, as a luncheon speaker this noon. I am sure he will have a very interesting story to tell. In addition, Mr. Phillips works directly on the market promotion project program. He will be able to answer any questions that you may want to ask him about just how such a project is initiated by a U. S. trade group which conceives the project.

MR. DUNKLEBERGER:

Moving on in our program, we have Mr. Martin J. Hudtloff, Director, Transportation and Storage Services Division, Commodity Stabilization Service, U. S. Department of Agriculture, who will outline what the Department of Agriculture is doing in the transportation field and discuss the rail transportation picture.

Mr. W. A. Spencer, Chief, Division of Operating Agreements and Traffic, National Shipping Authority, Maritime Administration, is also with us today to talk about the ocean transportation aspect of this job of selling and moving our surplus commodities into overseas consumption.

I would like first to call on Mr. Hudtloff.

MR. HUDTLOFF:

I am going to make this a very brief talk. I am going to review the transportation problems that we have run into this past year. I am going to dwell very briefly on what the Department has done.

Just before this meeting, I got in touch with Ralph Clark of the Association of American Railroads--, and I am sure both are well known to you--to get some indication as to what we might expect on the supply of boxcars. I tried to give him a very brief picture of our requirements.

I was assured that they are doing everything in their power to expedite the movement of the cars that are in operation. They also told me that, as of the moment, all of the embargoes have been cancelled and none are in effect now. This is the current status, unless there have been some changes in the past several days. They did indicate to me that there is rather a substantial backlog of cars at most of the port facilities, and, if that situation gets to the point that, in their opinion, these cars are being used for storage, they would not hesitate to slap on an embargo.

I think that, although the inland transportation picture has been tight during the past year, it has been spotty, and occasionally we have had trouble - particularly in the Pacific Northwest. I think we can truly say that the total supply of boxcars has been very well distributed to the principal users, and, as such, agriculture, I am sure, got its full proportion.

I would like to dwell for just a minute on what the Department has been doing in connection with ocean transportation. As early as the first of April of last year, we could see that the shipping market was increasing in rates and there appeared to be a scarcity of ships. We became just a little concerned.

At that time, we discussed our requirements with the International Cooperation Administration to round out the full export requirements on government programs. It was decided to appear jointly before the Federal Maritime Board for

the purpose of breaking out some 30 ships. At that time, ICA wanted to operate those ships under general agency agreement. That particular request was turned down on the basis of not being in the public interest and the Maritime Board did not feel that we had presented sufficient evidence to show that there really was a need. To that extent, I would have to differ with the Board. We did present sufficient figures.

It is true that most of those programs as of that moment - last June - were on a projected basis. Since we had approximately 60 privately-owned American ships in that program, we could predict that there would be a shortage. I believe that Maritime was sound in the decision, although we differed with it, because our facts and figures were projected on the basis of legislation to be passed. The Board wanted to make sure that Agriculture and ICA had the program money in hand.

Within a period of three months, the market became so tight that, on the basis of an announced program to India and Indonesia, we asked the Maritime Board for a hearing. At that time, they did find that it was in the public interest to break out 30 ships. Most of those ships are now in operation.

Again, on the basis of programs announced shortly after that, it became evident that there appeared to be a fresh shortage of ships, at which time we asked for another hearing with the Maritime Board, and they did break out an additional 40 ships. These are now being activitated.

On the basis of these authorizations - although we have not felt the full effects of the ships, we feel that they will have a stabilizing effect on the ship market.

You know of the difficulties we have had, both in connection with ocean and land transportation. In spite of this, we have moved terrific quantities of agricultural commodities, and, as soon as we get the full effect of this ocean transportation, we expect to break the export figures that we have had during the past year.

Thank you very much. Mr. Spencer will give us a more detailed picture of the ocean situation. He is Chief, Division of Operating Agreements and Traffic, National Shipping Authority, Maritime Administration.

MR. SPENCER:

The organization that I represent is the Maritime Administration. We have a sister agency, the Federal Maritime Board. We call the joint set-up "Maritime" for short, and that could mean you are speaking about one or the other.

The purpose of the Maritime Administration is to foster the development of shipping needed by the United States. There are several Acts in which the policy has been stated very clearly that it is essential that we have adequate

privately-owned shipping under the American Flag to meet the requirements of our commerce and to serve as an auxiliary for defense. So there is commercial and military in the defense sense. Most activity that involves breaking out ships from the reserve fleet, operating ships and developing technical improvements, that is within the aegis of the Maritime Administration. That is in the Department of Commerce. Certain functions of a regulatory and judicial nature are in the Federal Maritime Board, which is an independent board, except that, in a certain administrative sense, it is within the domain of the Department of Commerce.

In the problems we deal with, we have to refer certain questions to the Board, and if ships are to be broken out, the Board is involved through the public hearing system. People who have invested their money in buying or building ships to operate under the American Flag do not want the Government to come in and operate without justification. The law makes it possible to break out ships from the government reserve fleet when there is evidence on three points, determined by the Board in a public hearing.

If there is a request for additional ships, the first requirement is that the service is in the public interest; second that it is not adequately served at the time in question, and third, that U. S. Flag ships are not obtainable at fair and reasonable rates.

About the end of 1954 and the beginning of 1955, the freight market was getting stronger, the rates were going up, the export movements increased. It appeared, in our discussions in Washington, that something might need to be done regarding the situation - the need for ships. It also appeared that we in Maritime might be asked to give some guidance on reasonable rates. Agriculture and ICA would want to know, in this rising freight market, how far it was fair and reasonable to go. That was one of the functions that fell upon our organization.

Mr. Hudtloff referred to the public hearing that was held in May before the Federal Maritime Board. It was not deemed necessary by the Board to activate extra ships at that time, but other hearings have since been held with affirmative findings and I may summarize the number of ships that has been authorized for breakout.

The United States privately-owned merchant marine involves 1030 ships over 1000 gross tons in active service. Exact figures might vary from day to day. There are approximately 300 subsidized regular liner ships and about 250 to 300 in the liner services not subsidized. There are certain ships that perform as industrial carriers - they normally serve only the company that owns them carrying its own cargo. We have, at present, available for full bulk cargo charters about 70 to 100 ships in the foreign trade commonly known as tramps. Our present problem is that there are something like 500 liner ships which can carry some of the agricultural products, and, let us say, maybe 100 tramps but this supply of privately-owned ships is not adequate to meet requirements. We have applications

for many more to be activated from the government reserve fleet - actually, authority has been given to break out 212 ships for full cargoes of grain and coal and for liner movements. The last figure I have here for grain cargoes is 70. There is a large number for coal - 95 - but very few are actually in service as yet.

A dozen ships were authorized to be added to the regular services of the U. S. Flag liner companies, and, in one of the last findings of the Federal Maritime Board, approval was given for up to 35 ships for liner services, so that, beyond the 12 that I first mentioned, there will be quite a few more made available.

As of the last few days, there were actually 38 ships which had been broken out, had completed their repairs, and were actually in service. On that date, there were 57 undergoing reactivation or repair, which made 95 vessels actually out of the laid-up fleet or released by the military. These figures will be a little higher at the moment. I expect the actual number in operation to go up steadily. There is a time lag, of course, in getting these ships out of the fleet and getting them repaired and ready.

Maybe I should mention the subject of rates. You can pick out certain exceptional cases where the voyage rates now are twice as high as a year or two ago - in other cases, 50% higher. We believe that the breakout of ships and the issuance of so-called fair and reasonable rates will stabilize the market or has already kept the market from going higher, than it actually would otherwise be at the present time.

You now have cases where ships are offered at several dollars a ton higher than we think is fair and reasonable. The other government agencies, such as Agriculture, ICA, General Services Administration, Department of Defense, Bureau of Public Roads - they call on us for guidance in that direction, and they normally respect the ceilings that we indicate and do not pay more. There may be some exceptional cases where other action had to be taken.

Just as an indication of the present market, I have a piece of paper on which I jotted down what we consider fair and reasonable rates. With an allowance for a reasonable amount of profit, depreciation, overhead, and all maintenance factors, we recently figured that a Liberty ship is worth $2,120 a day, time charter basis. This is not including voyage expense. That works out, if you multiply it by thirty, $63,600 a month. That is what we figure is a fair and reasonable monthly hire to pay for time charter. You can't get a Liberty ship in the market for anything like that - it is probably between $70,000 and $75,000.

Similarly, we have figured that a Victory Ship of the AP-2 type is worth $2,640 a day, which makes the charter hire something over $79,000 a month, at which figure you cannot, in the private market, get such a vessel.

When we let the reserve fleet vessels out on bareboat charter to private companies, we have worked out a bareboat rate equivalent to the fair and reasonable time charter rate and we charge the U. S. flag steamship company accordingly. It takes the vessel and operates it for the program cargoes on voyage charter rates.

The closing of the Suez Canal was a considerable factor in affecting the freight market. In the first place, on any voyages from the North Atlantic or Gulf to points like Pakistan and India, voyage rates were increased because of the longer voyage around the Cape of Good Hope. On voyages to most places, it also was necessary to figure greater payments for bunkers. Again, on voyages to Europe, it became necessary to bunker for the round trip - to take enough fuel to get to Europe and back, including the Mediterranean. In certain parts of the world, you have the case of war bonus, war risk insurance, etc., although that is not as serious as it was and involves a relatively small area. All of these factors however combined to increase the level of charter rates.

I was very pleased to hear some of Mr. Daniels' remarks. As one who has spent a number of years abroad in the service of the Government, connected with shipping, I have had the experience of seeing American commodities come into competition with goods produced in a good many areas.

I have also heard the story pretty much in the foreign field that we want the foreigners to buy from us and do not want to buy from them. I think the country is becoming more and more conscious that it is a two-way street.

Your agricultural program involves that, as you have certain barter features in it.

Mr. Chairman, I think that is enough to give a general idea.

MR. DUNKLEBERGER:

The next speaker on the program is Mr. F. D. Brenchley, Chief, Financing Operations Branch, Fiscal Division, Commodity Stabilization Service, U. S. Department of Agriculture, and Assistant Treasurer of the Commodity Credit Corporation.

MR. BRENCHLEY:

In the interest of being sure that all of you gentlemen understand the anomaly which is the CCC, I would like to extend the remarks that were made a little while ago.

The Corporation is a Government corporation. Being a Government corporation, it must report to the Congress of the United States, and, through the Congress, to the people, which, in effect, gives us some 167 million stockholders.

When you have an operation like that, you have got to be pretty careful how you conduct your business. In any cases where we appear to be unyielding in the requests of the trade and the banks, it is only because of this feature.

The by-laws provide for the activities of the Corporation to be carried out through the facilities and personnel of the CCC. The operations of the Corporation, as far as the programs go, are carried out by the Commodity and Services Divisions in Washington and in the field through the CSS Commodity Offices.

The directors are contracting officers of the Corporation. Additional contracting officers may also be appointed by the executive vice president of the Corporation.

As Mr. Daniels mentioned, the borrowing authority is $14\frac{1}{2}$ billion dollars. This borrowing is currently made through the Treasury Department. The borrowings take place through the issuance of interest-bearing notes by the Corporation and as funds come back to CCC, repayments on those notes are made.

It is the policy of the Corporation that commercial sales be made only for cash or irrevocable letters of credit. This extends to many of our other programs. It is not the policy to make sales on open credit, as such. It is felt that the banks should take care of the credit to the exporters.

Many of the activities of the Corporation with respect to the financial arrangements are handled through the use of letters of credit - primarily of the stand-by type, the documentary type and the performance type. The stand-by type has been used in our barter program to provide financial protection to the Corporation for commodities delivered in advance of the delivery of strategic materials. The operations of the barter program will be discussed later. It has also been used in our credit sales program and provides financial coverage to the Corporation for delivery of the commodities in advance of receipt of acceptable bank obligation. It has been used in the program to provide the same coverage for commodities delivered in advance of the presentation of wheat export payment certificates. In those particular instances, the certificates are due the exporter, but he has not received them.

It is also used under Public Law 480. In this case, it is protection for the Corporation for commodities delivered by CCC to suppliers.

Performance type letters of credit have been used in the cotton export program. In this instance, these letters of credit permit drawing of the difference between the export price at which the commodity was sold and the domestic price of the quantities not exported. They are used in connection with our barter program to permit drawing for undelivered material and also used in the wheat and corn processing program. In this case, they permit drawing for the wheat flour and corn meal which was not delivered to the Corporation. These performance type letters of credit were also used in connection with the wheat export program for unexported wheat.

Documentary type letters of credit are used in some of our grain export programs and in our cotton export program, in this case permitting delivery of the commodity and subsequent drawing by CCC with documents.

For the year ended September 1956, stand-by letters were used in the amount of $484 million dollars; documentary, 349 million.

In connection with our use of letters of credit, there are certain conditions which CCC will not permit in letters of credit. For example, the Corporation will not permit requirements in letters of credit for export documents which are not under the control of the Corporation. The exporter is required to furnish such documents. The Corporation allows a tolerance under letters of credit if the uniform customs are specified. Letters of credit cannot be returned to the bank issuing them. These documents become Government documents and we are not allowed to return them to the bank. Neither are we allowed to return the letters of credit for endorsement.

CCC also will not accept conditions in letters of credit which do not permit CCC to draw immediately upon notice that the contractor cannot deliver, in whole or in part, under our barter type contracts.

CCC does not allow any requirement in letters of credit which provide the final date for submission of drafts will not be at least thirty days after the date for performance of contract.

We have had several inquiries from banks, asking if CCC will allow certain provisions which would prevent CCC from drawing prior to a specified date, such provisions are not acceptable. We also do not accept conditions in letters of credit which contain any provisions inconsistent with the terms of the purchaser's contract with CCC.

In the interest of saving a little time, I would like, at this point, to jump to Title I of Public Law 480. In this particular program, CCC finances the exporter through the use of letters of commitment to banks. These letters of commitment provide specific amounts of money, which CCC will reimburse the bank for payment made by the bank to exporters under the program.

This is a typical operation under the program - after the agreement between the countries has been signed and an individual purchase authorization issued, the foreign country issues a request to CCC to issue a letter of commitment to a specific bank in a specific amount. The exporter and the importer get together on their terms and a letter of credit is issued through an American bank in favor of the American exporter. When the commodity is delivered, the exporter draws on the named bank. The named bank then draws on CCC for that amount of money through the Federal Reserve Banks which are the fiscal agents for the Corporation, the documents are forwarded to the foreign bank, and foreign currency is deposited to the account of the United States.

The Corporation, under its programs, has a policy of permitting assignments to banks of amounts payable under contracts under all of its programs. This policy extends to operations under Title I of Public Law 480 and to amounts payable and commodities deliverable under barter and exchange contracts of the Corporation.

Under the various programs of the Corporation, certain eligibility of banks has been established. Under Public Law 480 programs, banks organized under the laws of the United States, any state or D. C., are eligible to participate. Under our barter and export credit programs, it is generally restricted to United States banks and foreign agency banks licensed to do business in the State of New York. There are many financial institutions which are set up to do business in a specific field, but they are not in the field of export to the point where they could adequately handle the business of the Corporation.

To go back to the letters of credit. There are specimen copies of letters of credit available on the table. There are two sets issued under separate transmittals. These submissions do not have to be complete word for word, but we feel that the general conditions set forth in those letters of credit are those we would prefer to have in them. In the event other conditions are put in, they would have to be looked at by the Corporation as to whether they would meet our requirements.

Since we have cut this little discussion pretty short, I would be happy to discuss with you any problem that you may have in connection with the financial arrangements of CCC.

MR. DUNKLEBERGER:

In view of the delay in starting the meeting this morning, it will be necessary to postpone the general floor discussion scheduled for the end of the morning session.

After the luncheon, at which Mr. Gordon Lamont, Director, Dairy Society International, will give us an industry appraisal of foreign market development activities being undertaken under Public Law 480, we will open the afternoon session with the floor discussion of the subject matter covered by Messrs. Daniels, O'Leary, Hudtloff, Spencer and Brenchley during the morning session.

End of Morning Session

Luncheon Talk
"An Industry Appraisal of Foreign Market Development Projects Carried Out Under Public Law 480"
by
Mr. Gordon Lamont, Director
Dairy Society International

Mr. Lamont was introduced by Mr. O'Leary of the Foreign Agricultural Service.

MR. O'LEARY:

I want to add my word of appreciation to what Harry Dunkleberger said this morning about the response and assistance we have received and been accorded here in connection with the Department of Agriculture's efforts to present what the government is trying to do to improve the export picture.

For the last two and one-half years, up until a month ago, I was almost exclusively on the sales end of the foreign currency program. I recently began to see the handwriting on the wall and decided to get on the spending side and let somebody else take care of the sales side.

The field of market promotion is relatively new, at least to people in government. This is a field in which I have no hesitancy in admitting I am ignorant. There are people who have been in on the ground floor of this program - people in industry who do know the score. One of these is the man who is going to speak to us, today. When I asked my boss who was the best man to cover this subject, he gave me the name of Gordon Lamont. I found he was out of the country, but was told he would return to the United States three days before this meeting and that he would be glad to come to us.

Well, he's here and I hope he's glad. I take great pleasure in presenting Mr. Gordon Lamont, Director, Dairy Society International.

MR. LAMONT:

You may be interested in what the Department of Agriculture in cooperation with private industry is doing on market development of American agricultural products abroad.

I saw those impressive charts out there, some of which indicate what has been sold in various areas of the world for foreign currencies. I would like to say that the problem goes beyond the sale - because the sale is not made until the products get into consumption. You, as merchants, bankers, or other trade representatives,know that a product is not sold simply because it is moved out of the warehouse.

For instance, there is the dairy program. You know that American surplus dairy products have been shipped to various parts of the world for various reasons: to prevent starvation, for flood relief, and for all kinds of proper purposes. But this does not necessarily mean we are getting them into consumption in the proper way or in the areas where they are needed.

By way of background, let us remember that part of the world has a surplus of dairy products most of the time. Our part of the North American continent, Denmark, Holland, the Scandinavian countries, Germany, and some parts of France are producers in temperate zones who usually have a stored supply. It is one thing to get them from one warehouse to another, but another thing to get them into human consumption.

There are vast areas of the world with great malnutrition, terrific infant mortality, great deficiency in protein diet. There are seventeen countries on our list now which call for immediate action.

The Dairy Society International is an organization which was founded a little over ten years ago as part of the great dairy industry. Its purpose is the education of the consumer on the use of dairy products, and its membership have printed quantities of literature, many in other tongues; they have attended various international meetings; they have engaged in all kinds of dairy promotion activities.

When the Department of Agriculture wanted a U. S. trade association to carry on this market development program under P.L. 480 in conjunction with other trade associations abroad and, as the law says, on a mutually benefiting basis, a contract was signed with the Dairy Society International to carry on that consumer promotional work in the dairy products field. I was active in the affairs of the parent company for many years, and I have been with the Nestle Company in this country for about thirty years and in that capacity got to know dairy people and learned many things.

Here are some of the things that have been going on in this country. There has been a great program of teaching the American people the use of dairy products, conducted by two or three organizations. A lot of the material that you see published in the papers about milk for babies, etc., originates with the dairy trade, with the National Dairy Council in Chicago, the ADA, and they all do a tremendous propaganda job. In June of every year you see, in dairy stores and soda fountains, signs proclaiming, "June is Dairy Month." The per capita consumption of milk in this country is two quarts per day per person. We have the best fed, the tallest people.

How are we going to get American dairy surpluses into consumption in other countries? That was the program requested by the Department of Agriculture.

We started off in Colombia, South America. Last April, a team, consisting of Ivan Parkin, Peter Olsen, and I, went down to Colombia to make a survey, to

see what was called for, and to make recommendations for a consumer to program in Colombia. We worked through the U. S. Agricultural Attache. In the first place, we found out what the situation was.

In Colombia, there was practically no use of dairy products, and such milk as they had was contaminated. About 5% was pasteurized. Infant mortality is very high, the death rate is terrific, and diet is low in protein. The Colombian government was anxious to have something done.

We came back with this recommendation: that they and we put on a program to educate the Colombian consumer regarding the value of dairy products. We have made this recommendation: that 100,000 U. S. dollars worth of local currency be appropriated for that purpose.

The Colombians themselves have set up a dairy association to match our contribution by assessing themselves so much per quarter. They are putting on a program in Colombia of propaganda nutrition with the doctors, Ministry of Public Health, Department of Agriculture, and the local people. The program has been worked out with the knowledge that we must take heed of the local situation and not disturb it.

If we get an increase in milk consumption in Colombia, they will be drinking milk so fast that they will be screaming for American milk. The Colombians themselves are difficult people to get in on a cooperative plan. They are suspicious of one another. They don't know our methods of cooperation. They don't have a spirit of cooperation, and how individualistic they are you can judge by this: since 1949, 100,000 of them killed each other in various political arguments. But they are very charming, and couldn't have been nicer to us.

After a great deal of effort on our part, we have a contract now with the Colombian Dairy Society, and we have sent down to Colombia as our representative a man named Joe Eastlack, who was vice president of the Borden Company for many years. You couldn't have picked a better fellow. He is living in Bogota, and, with the cooperation of the local people, we expect to start a program there which will be reflected in increased consumption. The people really are anxious for milk.

They have no enforcement policy. They have no facilities for training people. Here, for a generation or more, tens of thousands of people have gone through the dairy colleges. In Colombia, you can count on the fingers of one hand the number of trained people. Another one of our projects is to show the Colombian people how to use the milk products. They don't know how to use them. They put the milk on the stove and boil it. And you know just how palatable boiled milk is and how much of it you would drink if it was served you in that form.

If we get that thing going, we have got a permanent customer in Colombia consuming American dairy products. It is a long-range program - training people.

We have another problem down there. The government has excessive import duties on dairy machinery going into the country. On the basis of a $100,000 investment in the United States, dairy processing equipment would cost $250,000.

The way this plan works, the more you sell, the more marketability you have, and the more you have the marketability, the more you spend your money. And, further than that, you are doing a great thing for these people, because the effects of it should be shown in the lower levels of nutrition. Their infant mortality rate is tragic. The head of the medical department is in a lather about it. All agencies are giving full support.

At our insistence, they came together and created the National Department of Food to handle the various problems and do work on nutritional programs for the people. I believe it is going to be actively carried forward. You can feel proud that your Department of Agriculture has assisted in carrying it out. Surely, in the long run, it is going to do something for that country and for us, because it will take these surplus commodities off the back of the American taxpayer, out of the political arena, and put them in a place where it is badly needed.

Another place is Bangkok, one of the most fascinating cities in the world. The Siamese people are charming. They have never been dominated by any European power. In many ways, they are very backward, but in my work down there, which was to introduce a dairy program, I talked to the Cabinet Ministers, the Minister of Health, the Minister of Agriculture, the Minister of Education, and told them what I was trying to do and that I wanted to get the top approval first.

Those people are making great strides. They like Americans, and they like Europeans, and they want to know a lot about us. The head of all the hospitals in Bangkok was most cordial, and told me he had been educated abroad. When I asked him where, he said he was a graduate of Harvard, and I said so was I. That is the kind of people that are there. The Minister of Health is a Johns Hopkins graduate. The King was educated at Oxford. The King is a very serious young man, but he plays the saxophone half the night and loves it. The King asked Benny Goodman to come over and they had a bang-up time at four o'clock in the morning, and then the King presented the members of the band with a silver cigarette case with his initials and the royal crest of Siam.

Our program there is to introduce milk by the sampling method (in Colombia, we are trying to do it through education). The Foremost Dairies Company is working in that field. The milk is going to be sampled through schools and other institutions. Dorothy McCann is in charge. What they use is recombined milk, which is made out of American dried milk solids and is a very good milk. The way they do it is this - they take the skim milk and dry it and put it in a container. They put the buttermilk in another container. They put the two together, add water, and it is delicious. The qualities of the butter fat are not affected.

That program will go on all through 1957. The need of the people is a very strong one, and they are very receptive. The Thai people are among the shortest people in the world and they are rather sensitive about it. There is no starvation in Thailand. Nobody needs starve there unless they are too lazy to go out and grab a handfull of food off a tree. It is rice country--mile after mile. While nobody starves, nobody has the right kind of diet. The government knows it.

We will supply information and help them. I have every confidence that, at the end of this trial year, we will find a very substantial and interesting rate of sale of milk in Bangkok. It should create a very worth while increase in milk consumption.

There are seventeen countries on this list for this kind of attention. A team just went to Chile. If you can do that kind of thing, you have to get the right kind of people. These things cannot be accomplished today--they take time.

The same sort of thing can be done on wheat. It has been done on cotton.

If you can get these things into useful consumption, you will never have a problem where you will have to pile up any commodities in warehouses, to be kept at taxpayers' expense, and you will create a better world, and you will send the milk to the areas that need the milk so badly.

End of Luncheon Talk

Beginning of Afternoon Session

MR. DUNKLEBERGER:

The meeting is now open for general floor discussion of any items presented in the morning session.

Q. We would like to sell poultry to Germany. Do they have a buying office here? Where is its office in Germany? What is their name?

A. (by Mr. O'Leary) The problem of selling poultry to Germany or anywhere else is a pressing one. The poultry industry is in somewhat difficult straits. We do not have an established export market to Germany. In an endeavor to get a market opened for you, we had a foreign currency sales program. This program was a market development program, since Germany isn't in any trouble money-wise. There were two things--first, to obtain the D Marks which could be used for market development for other commodities, where we can expand the markets, both in Germany and other countries, and second, to try to introduce our poultry on a competitive basis in Germany.

A million dollars worth of poultry has finished moving to Germany the latter part of December. It was purchased through the poultry trade in Germany. However, lists of German government-approved importers of poultry can be obtained by writing the Poultry Branch of the Foreign Agricultural Service, addressing the letter to Cliff Warren. You can send him a letter, call him by 'phone, or telegraph him.

Germany does not have a buying office in this country.

Our big job there is to compete with poultry from Denmark and Holland.

We would have extreme difficulty in competing on french-dressed poultry. On eviscerated poultry, we have a chance.

Q. My question refers to a method of handling some of the stand-by Letters of Credit. I think it might be a good idea if CCC or whoever is handling the preliminary study of the trade would suggest that the Letters of Credit which are going to be transferred be assignable, so that it would be easier to transfer - in a little easier manner - than today. I think it could be arranged at the time when the transaction is beginning to be crystallized.

A. (by Mr. Brenchley) I am not sure that I understand exactly what you mean.

Q. For instance - Pakistan Mission was buying rice. CCC was willing to sell that rice to the Pakistan Mission through an American exporter. The American exporter was required by CCC to open a Letter of Credit guaranteeing CCC that they will receive the money - any money they did not receive already - within 30 days after the shipment of the original transaction. Pakistan was using the bank of the American, and it was opening a Letter of Credit which was meeting the terms of the CCC, and that Letter of Credit was in favor of the American exporter. It was not assignable.

A. These back-to-back Letters of Credit, in many instances, require CCC to do something which CCC is not in a position to do. CCC in that case, I think, did not want to be left in the position where they were required to perform, where they were not in a position to perform. As to the assignability of the Letter of Credit, I believe that it might leave CCC in a position where they were not able to be sure of who the person was they were dealing with.

A. Not necessarily.

Q. (by Mr. O'Leary) The CCC does extend credit on sales, but it does not take credit risks. A back-to-back Letter of Credit is merely, in effect, an assignment of the letter opened in your favor by your buyer to the person from whom you are buying - in this case CCC. CCC would be able to collect only when the self-same documents that you were required to send in had been furnished. There would be a period of risk between the

delivery to you and the time when you were able to present such documents. CCC policy is that they are willing to wait for their money but they do not accept credit risks.

Under Title I programs, the money which you are going to collect under your Letter of Credit opened in your favor is really CCC's own money, so, if they had accepted an assignment of your letter of credit they would be accepting an assignment of their own funds.

Q. Just what is the responsibility of an exporter in a transaction?

A. In a true government transaction, an exporter, of course, has no part unless he is acting as a forwarder or an agent. Where the foreign government is buying, the goods are coming from CCC's stock, but it is, again, the policy not to sell directly to foreign buyers but to sell only through U. S. private traders. The position of the U. S. private traders is that a trader must buy on a clean bill from CCC as if he had no buyer himself. He must pay by cash, or irrevocable letters of credit. The purpose of this is that it is much cheaper. It permits the exporter not to have to raise the money to pay for the commodity over the 30-day period when he can make delivery and get paid by the foreign buyer.

Q. We are driving not so much at a back-to-back letter of credit as an assignable letter of credit. We all know that, when we deal with an assignable letter of credit, we cannot change any of the documents. Once payment is made under the assignable letter of credit, there would merely be a substitution of drafts.

A. If the documentation is identical.

Q. I was referring specifically to some of the tenders that were issued early part of December, which were Pakistan Mission purchases, in which the CCC was given the copy of the letter of credit and the documentation required was apparently identical, where CCC would ask for payment to the Pakistan Mission.

The only possible trouble there would have been the demurrage involved because of the steamers and the cars. CCC was offering to deliver the rice against dock receipts and was demanding paying against dock receipts. The Pakistan Mission, under their letter of credit, was offering to pay against dock receipts. There was nothing different except certain documents that had to be received from the Maritime Commission. That document was not included in the things that CCC was offering but was required by the Pakistan letter of credit, and that was something that I do not know how difficult it was to secure, but the real peril would be the demurrage, either on the part of the steamer or of the railroad.

A. Actually there was more than that under the Title I program. An acceptance of an assignment or back-to-back letter of credit, would give the Corporation only the right to collect under its own letter of committment. Suppose the cargo were diverted, the CCC would be in the insane position of refusing to pay itself. CCC sells but does not finance against dock receipts.

The point I am making is that you could not draw against the letter of credit in your favor by the government of Pakistan without an on-board bill of lading but your liability to CCC was fixed when delivery was made to the dock.

Q. I am with the Philadelphia National Bank. We recently had a little transaction in New Orleans. Letters of credit had to be furnished to the CCC office there in a hurry. We tried to do it by means of a telegram between us and our valued correspondents there. The full text was wired. The CCC office rejected it and said that they could only accept the original letter of credit written and sent by ourselves or delivered in person. Is that an agency practice or is that peculiar to New Orleans?

A. (by Mr. Brenchley) I would say it is pretty general throughout the agency. It is one of the policies we have adopted. The use of wires in many cases is probably perfectly all right but it is our policy to do it that way. I don't think you would have found any difference in any other office. Anything is possible, but as a general policy, I don't believe they would like to change it.

Q. Why doesn't the Government grant options in order to give the companies time to close export deals? If options were granted would not more surplus commodities be sold?

A. (Mr. Daniels) We have the problem of options continually before us, and it is possible that more commodities may be sold, and it is possible that less commodities may be sold. Here is what you run into in the granting of options.

Suppose someone says, "I would like an option of 10 million pounds of milk." He may exercise the option and the CCC makes a sale. He may decide not to exercise the option, and the opportunity of making the sale goes by, so he not only blocks out his competition but he also denies the market of the product.

That is one of the details that we are confronted with on options. Obviously, if someone wanted an option of 10 million pounds of cheese when we have 150 million pounds that I do not know what to do with, it would not be much of a problem. But if I did not have any cheese, it would be another question.

We must at all times operate all our programs so that you are treating everyone alike and on a fair basis. If you did not do that, operating for the government, you would sooner or later wish that you had.

We business men go into the government and it does not take long for the boys to go to work on us and make bureaucrats out of us.

Another thing that works against options is this. We work, more or less, under a mandate from the Congress. Here is the largest commercial corporation on the world. The Congress sets up the Office of the General Sales Manager. And then they say, "It is the policy of the United States government that whenever the government buys anything, it must buy on a competitive bid basis to be sure that the taxpayer gets the most for his dollar." (I am not saying whether this is right). If that is true, then, when the government sells the commodities that it owns, it should also sell on a competitive bid basis to be sure that the taxpayer secures the top dollar. And that type of thinking in itself works against an option basis.

Q. In the case of a commodity such as beans - are price concessions possible?

A. Of course, we are always looking for new markets for these commodities. You are speaking, I know, of dried edible beans. I took over an inventory of 550,000 bags of small red beans. I took a trip across the country and talked to the bean exporters and told them we were going to move in on a competitive bid basis, and we had some opposition from the trade.

They said, "Then you should exclude Cuba." I asked, "Why?" They said, "Cuba is the only export market we have for these beans." I said, "If I were a bean grower in America, I would not be very happy if the sales organization for my product was finding only one customer in the world for the small red beans." I said, "I am not going to criticize you, but I am going to say that with the little experience I have had in merchandising, I would not discriminate. However, if any of you have the imagination to go out in the world and someone bring me another customer somewhere, if it is only for 100 bags of beans, bring it in and let me look at it." When we are looking at new markets, we also look at price.

Q. If my understanding is correct, you started out with a billion dollar authorization for foreign currency sales under Title I of Public Law 480. My question is how much has been committed and whether you are running out of money.

A. (by Mr. O'Leary) The original authorization in 1954 for sales for foreign currency was 700 million dollars. That was, after about 9 months, increased to $1\frac{1}{2}$ billions and subsequently was increased again last summer to three billion. Of the three billion, approximately 2 billion, eight hundred million dollars have been committeed. The balance of the 3 billion is

expected to be committed some time before June 30 of this year. This is the cost to the CCC of financing the sales, and that cost includes the investment cost of commodities that come from the CCC stock.

This represents at world market prices about 2 billion 200 million dollars worth of commodities. There has been a bill introduced to extend the period of the program for two years and to increase the authorization by another billion dollars. There have been no hearings on the bill as yet. I do not know that the Administration will ask for quite so long an extension. I do feel sure that the feeling in Congress is that the program should be extended. - My guess is that it probably will be extended on a curtailed basis.

On the shipping side, through December 31, about $7\frac{1}{2}$ million tons of commodities were actually exported. About 3 million have been shipped since June 30 of 1956.

Q. There is some confusion in my mind about the Federal Marketing Program. There have been certain commodities on which there has been no surplus but on which there is a set-aside - for instance, figs. Are those items eligible under this Public Law 480 program?

A. There is no specific and definitive list of surplus commodities which are eligible for sale and financing under the program. You can see how this is so. Those commodities which are in surplus under the definition are not constant. They change from day to day. Within the Department, there is a set-up for reviewing the situation. The Secretary of Agriculture has established a special committee composed of heads of various agencies. The committee reports to the Secretary, through one of the Assistant Secretaries, as to which commodities should be considered for financing. Those commodities which are actually financed are those commodities which are felt to make sense in a given program for a given country.

In the case of fruits - Finland has taken a considerable quantity of dried fruit; Austria has taken fresh and canned fruit. One or two Asiatic countries have participated in the program. The President's report has a complete breakdown, not only of all commodities and the amounts involved in the program, but also of uses that the foreign currency is being put in the program, and the relative weight that has been given to the various commodities.

Q. Is there any one mailing list that you can get on to receive all the publications? Or should you ask to be put on several?

A. Both. We have the FSD mailing list for material relating to Public Law 480. The minute an agreement is signed, information regarding it is put out in the form of a press release. When a purchase authorization is issued, a summary of that purchase authorization is issued and also mailed out to the mailing list. You can get on it by writing to the Foreign Trade

Programs Division of the Foreign Agricultural Service.

The Commodity Stabilization Service maintains a mailing list which will supply you with their monthly catalogue of commodities which are for sale, which office is handling the goods, and the price basis and the delivery basis. In this regard, you may write to the General Sales Manager's office. The address is: General Sales Manager's Office, Washington, D.C.; the publication to be requested is the monthly sales list. They will be glad to put anyone's name on that list.

Also, the releases that come out from CSS can be obtained by writing the Information Division in Washington, Commodity Stabilization Service. Anyone interested in any releases from field offices of CSS may write to the directors of those offices, in various areas. It sounds complicated, but, for example, in Boston CSS has its wool office, and that is all that is handled. If a person had no interest in wool, it is not likely that they would write to the Boston office. In New Orleans, only cotton is handled. Those offices are listed in the back of the Monthly Sales Bulletin in the interest of clarity, so that if a person is interested in our grains, he would write to the Dallas office, Kansas City office, Chicago office, as the case may be. It tells in the back which offices are the ones that are handling the sales of which specific commodities. That information is in our monthly catalogue - what we are offering for domestic and what for foreign.

MR. DUNKLEBERGER:

If you cannot get the information you want from any of the sources Mr. O'Leary has just outlined, write to us in Washington and we will see that you get it.

Q. These ships that were released by the Maritime Commission - who has operated these ships? Who is going to run them? Where can I charter one of these?

A. (by Mr. W. A. Spencer) The liner ships allocated thus far are in the hands of the Grace Line, Gulf South American Company, Pope & Talbot and Lykes Bros. Steamship Company. The last finding of the Board is that up to 35 are justified for liner services, but those have not been allocated. There are several operators that have applied. States Marine applied for 15 and the Lykes Company for 12, American Export, Stevenson, Prudential, and Stockard, 2 each. Some of the ships intended for full cargo grain charters have been allocated to companies that also engage in liner operations. Under the first docket that was referred to, in which 30 ships were authorized, I believe that every one of those 30 has been allocated. Some of them are either in operation or very close to it. Regarding the 70 ships contemplated for grain cargoes, they were allocated to the Pacific Far East Line, American Mail Lines, American President Lines, Central Gulf Steamship Company, Marine Transport Lines,

T. J. Stevenson, Isbrandtsen, Pope & Talbot, Shepard, Pan Atlantic, American Export, Burbank, Stockard, Arrow Steamship, and Grainfleet Steamship Company. Other applicants and potential charterers include Blidberg, Rothchild, Bull, and Luckenbach.

The ownership of the ships remains in the United States Government. They are being operated for the account of private owners.

The fair and reasonable rates per ton are indicated to Agriculture and to ICA and the other government agencies. They are for voyage charter basis.

MR. DUNKLEBERGER:

In order to cover the rest of the afternoon session's agenda, Mr. F. Richard Burke, Assistant to the Deputy Administrator for Marketing Services, Agricultural Marketing Service, USDA, has given up his time for a formalized talk on the Agricultural Marketing Service but will be on the panel and will answer any questions or participate in any discussions of the Service's activities.

Our next speaker, Mr. Robert O. Link, Chief, Contract Administration Branch, Barter and Stockpiling Division, Commodity Stabilization Service, USDA, will discuss disposition of agricultural surplus commodities through the Barter and Stockpile Program of the Commodity Credit Corporation.

MR. LINK:

I will try to explain a little about the what, why, and how of the CCC barter program. I notice that some of you have picked up copies of barter information in packets from the other room. Additional copies are available for anyone who is interested.

First, let us consider what barter is, and by that I mean barter as a CCC surplus disposal program. In the first place, barter is not a government-to-government transaction, but is carried out solely through private trade channels. Participation is limited to U. S. firms.

In the past, most barter contracts have been for strategic materials for stockpiling by the Government. Information as to the various strategic materials which CCC is authorized to acquire is issued in periodic press releases, the latest of which is attached to the barter information packet. On the other side, the agricultural commodities which CCC has available in its stocks are included in the monthly sales list issued by CCC, the last issue of which is also included in the information packet.

A frequent and not surprising misconception of the program is that it involves a direct exchange by which agricultural commodities are delivered to the same country from which materials are being acquired. This is generally

not the case, it being required only that agricultural commodities be exported to, and the materials imported in exchange therefor come from, a friendly foreign country.

We have consummated exchanges for a variety of items required by other United States government agencies. These need not be strategic, and have ranged from fertilizer to metallic ores and concentrates. Another transaction expected to be announced soon is a barter involving construction of housing for dependent military personnel abroad in exchange for commodities.

Why barter? For the answer, we must look to the benefits that are derived by each participant. To the procuring U. S. government agency, it means the chance to acquire materials promptly without the need for immediate use of appropriated funds. To the Department of Agriculture, it is one means of disposing of agricultural surpluses and at the same time effecting substantial storage savings. To the U. S. government as a whole and to all of us as taxpayers, barter represents an opportunity to procure materials needed by government agencies without expenditure of additional appropriated funds. To the private firms that participate, it affords the opportunity to make a legitimate profit in a multi-lateral trade transaction.

How is a barter transaction consummated? Let us trace the steps in one involving strategic materials. A U. S. firm interested in entering into a contract would approach the Barter and Stockpiling Division in Washington with an offer. If this firm is able to offer a material which CCC is currently authorized to procure, the offer would be considered, along with other offers we might have, on the basis of comparative prices, quality, stockpile needs, probable effects on the market, delivery terms, and any other factors.

Should negotiations prove successful, there is generally an exchange of telegrams, which consists of a firm offer, an acceptance by CCC, and a confirmation by the prospective contractor of CCC's acceptance. When this telegraphic exchange has been completed, the prospective contractor can proceed to acquire agricultural commodities - other than wheat - on a cash basis, with the understanding that any cash paid will be refunded when a contract has finally been signed. After signature, wheat, in addition to other commodities, can be acquired by the contractor up to the extent that he has either delivered strategic materials in exchange for the commodities or has furnished an acceptable letter of credit. The letters of credit are reduced from time to time as deliveries of material are made, so that the balance is continually being reduced throughout the life of the contract.

The procedure for barters other than for stockpile materials would vary somewhat from that just described. However, in each case an approach to the Barter and Stockpiling Division is necessary. Generally, a direct offer would be made to the government procuring agency, offering to furnish materials on a barter basis. In some instances, such as under the present procedure for offshore military procurement, conversion to a barter basis involves assignment of funds due under an existing procurement contract to a U. S. commodity firm. We have not had any activity under that program that I know of, but it is a

possible outlet if there are contracts which are of long enough term to make it worth while.

Frequently, where a barter contractor is not a firm dealing in agricultural commodities, he will designate U. S. commodity firms to handle the agricultural side of the contract. Most of these commodities are acquired by direct dealing with one of our commodity offices, usually in Chicago, Dallas, Portland, Kansas City, Minneapolis, or New Orleans. There are a few commodities not available through the commodity offices, and, for transactions dealing with them, you should contact the Barter and Stockpiling Division in Washington.

The present expanded barter program has been in operation since July 1, 1954. The total contract value has averaged 300 million dollars a year. Barter's share of agricultural exports increased from 4% in fiscal year 1954-55 to 10% in the July to December half of the fiscal year 1957. These exports have moved to all parts of the world, the largest receivers being the United Kingdom, Netherlands, Japan, Belgium, West Germany, and France in that order.

With respect to wheat, barter moved 45 million bushels during the fiscal year 1954-55. From July through December of the fiscal year 1957, 62 million bushels were moved, an estimated 31% of all U. S. wheat exports. In excess of 8 million bushels of barter grain moved through the Port of Philadelphia in the last calendar year - something like 19% of the total grain exports from Philadelphia.

Barter affords opportunities for getting into markets where we normally have not been able to go because of currency restrictions. Exports to the sterling bloc, for example, are pretty strictly limited. If there is a material which our government needs to acquire and which can be secured in one of these sterling bloc countries, it gives us a lever with which to make an exchange which will provide an additional outlet for our agricultural commodities.

MR. DUNKLEBERGER:

Our next speaker Mr. George Galloway, Loan Officer, Export-Import Bank of Washington, will discuss financing of exports of surplus agricultural commodities through the Export-Import Bank. I would like to point out that the Bank's financial assistance program is complementary to the CCC Export Credit Sales Program which is the next item on the agenda after Mr. Galloway's discussion. Whereas CCC's Export Credit Sales Program is designed to provide credit assistance through U. S. exporters, the Export-Import Bank's financing is extended to banks or importers abroad. The objective in each case is to facilitate export sales for dollars of U. S. agricultural surplus commodities.

MR. GALLOWAY:

I know that some of you are familiar with the operations of the Export-Import Bank, which has been referred to as the EXIM Bank.

The EXIM Bank is an agency of the United States Government. It has been

financing the exporting of commodities and other products for many years, on extended payment terms. The part of the United States products we finance are those that are sold on longer terms than commercial banks in the United States are willing to offer.

EXIM Bank differs from commercial banks in that commercial banks finance exporter's paper in the event the importer abroad fails to pay. The EXIM Bank takes export paper without recourse and looks entirely to the foreign party for payment.

EXIM, however, does not compete with commercial banks in the United States or private capital generally, and, as a matter of fact, any applications to us should indicate that efforts have been made to obtain financing of the transaction privately, such efforts being unsuccessful.

The Department of Agriculture has done a very fine job in disposing of various agricultural surplus commodities, and moved many of them into the export markets. However, in the national interest, I am sure that they want all possibilities of approach explored, in order to export more of them. EXIM Bank is glad to join in its assistance by offering our facilities in financing these products. Some of the products that have been made available for export under our plan are listed here - barley, cheese, cotton, dry edible beans, grain, gum rosin, turpentine, non-fat dry milk solids, and so on. This list may be modified from time to time after consultation between the EXIM Bank and the Department of Agriculture.

Our method as to financing the buyer abroad is through his local bank, by means of a letter of credit operation. It is not new with us. We have been doing it a great many years, especially in financing cotton and tobacco exports.

If you exporters believe that your buyer abroad will be induced to place an order with you or do business with you based on quoting terms of say six months for repayment in connection with grains, about nine months for vegetable oils, etc., the buyer should be approached for the purpose of applying to EXIM Bank for credit. These terms of six and nine months that have been mentioned are not a strict requirement on our part, because we would consider a longer payment term, such as a year or more, if the circumstances indicated that they were justified.

Possibly it is oversimplification for me to state that all the exporters have to do is to get their buyer abroad to go to his local bank, have a letter of credit issued to his credit payable in dollars, and, with such a letter in his hand, he would have assurance that he would be paid in full after shipping the articles. Of course, the exporter's job is very simplified after he has a letter of credit in his hands. The tough job is to get his buyer and his local bank to apply to the EXIM Bank.

We have prepared two white papers. One is entitled, "Financing Dollar Exports," and the other is "Outline of Operating Procedures Generally Applied by the Export-Import Bank."

Particular attention is drawn to this last-mentioned paper, and, while I do not intend to read it completely, I will make various comments. It states that either your importer's bank must make application to EXIM Bank or your importer would make the application directly, offering the guarantee of his local bank. That would not necessarily mean that the application would be accompanied by a guarantee; it would simply name the bank that would offer the guarantee and that it has been discussed and they are prepared to consider.

When the application is received and approved by the Export-Import Bank, a loan agreement would be sent to the bank for their signature, and, when that is done, we would conclude arrangements with a United States commercial bank which would actually issue the letter of credit in favor of the exporter under a take-out guarantee - a guarantee of reimbursement from us.

Another requirement is that the importing country, if it has exchange controls, would be required to provide an assurance from the exchange control authorities that U. S. dollars would be made available to meet the drafts at maturity. The loan agreement that we would have executed by the borrowers would indicate that letters of credit would be issued, and each letter of credit would name the address of the purchaser and the seller, the terms of sale, whether the credit would be revocable or irrevocable. The loan agreement would also contain an obligation on the part of the importer and the foreign bank that they would accept drafts drawn by the exporter and they would pay them so many months after date of shipment. With that in the loan agreement and the people abroad obligated to do that, the exporter here would be able to get his money promptly upon presentation of documents. Of course, if the parties abroad failed to agree to that condition, it is possible that the exporter here would have to wait untilthe drafts were sent abroad, accepted and returned. However, in the Bank's financing program, we have never had a foreign bank refuse to meet those conditions.

Another condition in the letter of credit would be that the products would have to be shipped in vessels of U. S. registration unless that condition were waived by the Maritime Administration, and the waiver possibility aspects of this requirement can be explained by Mr. Spencer of that Administration who is with us here today. This is generally where a United States vessel is not available at the time, or freight rates are not seasonable, or where the importing country has a maritime fleet and we could enter into an agreement with them to ship 50% in U. S. vessels and 50% in the vessels of the importing country.

MR. DUNKLEBERGER:

Our next and last speaker - and I should mention that his position on the agenda in no way reflects the importance we in CCC attach to the program he will discuss - is Mr. Ralph E. Spencer, Staff Assistant in the Office of the General Sales Manager, Commodity Stabilization Service. Mr. Spencer is in charge of the CCC Export Credit Sales Program which, as I outlined earlier, works through U. S. exporters and is complementary to the program of the Export-Import Bank which works through foreign importers and foreign banks.

MR. SPENCER:

We are going to get back to the dollar sales column.

The CCC Export Credit Sales Program is strictly a program dealing with CCC inventories and dollar sales. We are interested in this greenback column on the chart.

We should,perhaps, make note of the very strategic importance of credit in our economy. It is the lifeblood of business. For many years, CCC would not entertain any means of selling except for immediate cash payment, then the credit program was developed in our continuing efforts to expand export sales. It is the newest of all the programs described today. The General Sales Manager has the responsibility of administering the program.

To begin with, CCC is not a credit institution. We look to United States banks for security and to assume the credit risk. (Someone has said, "A bank is a place where you can go to get credit or money if you can convince them that you don't need any.") CCC is not in the credit business, as such. CCC is in the business of selling agricultural commodities and the credit program was one of the "tools in the kit" designed to help us move agricultural commodities. CCC is willing to wait for the payment of the commodities, but we do ask that the buyer or exporter furnish an irrevocable letter of credit from a U. S. bank. This is a simple document that authorizes CCC to draw on the bank for payment if, at the end of the deferred payment period, payment has not been made.

The program is designed to sell additional commodities, not merely replace cash sales with credit sales. I would like to call your attention to several publications on the table in the rear of the room. The Fiscal people have prepared specimen letters of credit - #9 is "Export Sales". We have a Monthly Sales List; two credit announcements - that is the regulations under which the program operates - GSM-1 and GSM-2, for tobacco. We have a folder entitled "CCC Export Credit Sales Program - How It Works".

The commodities which may be purchased under GSM-1 and GSM-2 are those which are given in the Monthly Sales List, with the exception of wheat. (We are now not selling wheat except through our barter program and for certain donations. Wheat is going out of CCC inventory as an export subsidy to equalize the domestic price which the exporter must pay with the world export price at which he must sell.) We are thus limited to CCC commodity inventories. The Exim Bank can finance commodities outside of CCC inventories.

CCC offers terms up to three years, but will still want to know why the exporter needs the time requested. Interest rates are set each month on the basis of CCC cost of getting money. These rates are published in the Monthly Sales List. The current rates are 3-3/4% up to six months; 4-1/2% up to 18 months; and 4-3/4% up to three years.

The exporter does not necessarily have to use his line of credit. He could use the importer's line of credit with his foreign bank through its correspondent American bank. We would want to know, of course, that the exporter will comply with the various sales announcements through which purchases are made. (He buys under the regular export sales announcements.) Purchases are made in regular trade channels, but the purchase is made after an application has been submitted to the Office of the General Sales Manager for approval. In processing applications for credit approvals we try to cut through red tape - in fact, we do not even have a form.

In a letter, the exporter will simply furnish the following information:

1. List the commodity he wants to buy for credit
2. Class, grade, quantity and dollar value involved
3. The period during which he is going to make the purchase
4. The period of deferred payment desired
5. In the cases where the credit extension is more than six months, we would like to know to what extent credit is going to be passed on to the importer. (The exporter may require some cash payment from the importer, for example, enough to cover his margin.)
6. Finally, we would like to know the name of the U. S. bank (foreign agency banks in New York would qualify) which is furnishing the bank obligation and the type of bank obligation which will be furnished.

The Cargo Preference Act does not apply to the CCC credit program.

The CCC interest rate is less than the Exim Bank's. However, under the CCC program, the exporter or importer would have to pay a fee for the bank obligation. These fees run 1% or $1\frac{1}{2}$%, and are strictly a matter between the exporter and the bank. CCC is not involved.

If we can be of assistance to you in working out purchases under the CCC credit program, please do not hesitate to get in touch with us. We would, of course, like to expand sales under the program and are in Washington to serve you to this end.

MR. DUNKLEBERGER:

This completes the formal agenda for this afternoon's session. The meeting is now open for discussion of any of the programs presented during the afternoon as well as any other items which we have not formally presented, such as questions relating to the Export Control Act administered by the U. S. Department of Commerce. As the agenda indicates, we have with us today Messrs. William M. Park and Charles R. Matheson of the Philadelphia Field Office of the U. S. Department of Commerce, who in addition to answering any questions on the export controls relating to agricultural commodities, will be glad to answer any questions relating to the services and activities of the U. S. Department of Commerce available to exporters and others engaged in the agricultural commodities export trade.

Q. How do the interest rates compare as between the CCC and Exim credit programs?

A. (by Mr. Galloway) The EXIM Bank's current interest rate of 5-1/8% is paid by the foreign borrower. The U. S. exporter does not pay any interest since he is not a party to the loan. The Bank's interest rate is subject to revision from time to time, depending on the money market and rules laid down by the National Advisory Council for International Monetary and Financial Problems, which guides us in Washington.

As to a comparison with the Commodity Credit Corporation's program, I am not an authority on that plan, but I know Mr. Spencer mentioned rates of $3\frac{1}{2}$% to $4\frac{1}{2}$%. If the U. S. exporter uses the bankers acceptance method of obtaining his funds, I believe that the commercial bank putting their name on the draft would charge an acceptance commission on that. The acceptance commission might very well run on a per annum basis, so if you add $1\frac{1}{2}$% to $3\frac{1}{2}$% or $4\frac{1}{2}$%, it is quite possible that the several interest rates are pretty much parallel to our own.

Q. I have heard exporters say that the CCC credit program used up their line of credit, but that that was not the case with the EXIM Bank.

A. (by Mr. R. E. Spencer) To the extent that the exporter uses his own line of credit to obtain the U. S. assurance of payment required in the CCC Export Credit Sales Program, he does use up his line of credit. However, to the extent that the exporter is able to arrange for the foreign purchaser to use the latter's line of credit this would not be the case. In the case of the EXIM Bank, the loan is to the foreign purchaser and the exporter's line of credit is not involved.

Q. In the interest of selling more cheese, why won't CCC take the irrevocable letter of credit of a foreign bank?

A. That is a question that many of us in CCC have asked ourselves. However, we have not thought it desirable to accept credits without any assurance of payment by a bank in the U. S. The reason for this position is that EXIM Bank is the agency of the Government primarily responsible in the field of foreign banking and CCC is not.

Q. If you are going to leave the exporter's credit line out of it, you have got only your American bank.

One of the things that strikes me in this regard - and it seems to me to be a little inconsistent - is that in the case of barter transactions you are perfectly willing for the contractor or his assignee to take possession of the commodities without interest while on the other hand you are charging interest on these export credit sales?

A. (by Mr. Daniels) A problem in this whole picture is the way in which we are developing the different programs, and I am very conscious of the fact that

we do seem to work in some of these at cross purposes. It seems to me certain and I think that you all will agree that, in working through this vast machinery of government which we have, if you wait until you iron out all of the details or until you get everything moving properly, you just don't get anything done.

This CCC credit program is relatively new. Many of the other programs are relatively new, and of course there are some inconsistencies. We know that. It is one of the purposes of this type of meeting to call together you people who are concerned with this every day. In discussing these matters with you we get your practical reactions which are going to help us in ironing out some of these things that we know do exist in these programs.

What you say is true. Some of these programs do work at cross purposes, but we have to choose between getting on our horse and getting going and working them out as we go along, or just not doing anything at all until everything is perfected. We prefer to keep on going. We are continuously discussing these problems, trying to bring these things together.

Q. Is it likely that any domestic materials will be available for barter?

A. (by Mr. Link) As to domestic procurement the field there is pretty limited because government agencies are subject to the "Buy America" law, which makes it obligatory to buy in this country unless the material is only available from abroad, whereas the barter program has essentially been limited to foreign-produced material. The Department of Defense has a program favoring barter for domestic procurement where feasible.

Q. If the Department of Defense wanted to let a repair contract with Philco against the sale of surplus commodities, I don't think that would be in conflict with the "Buy America" law.

A. No, but you have the other problem. Another thing is to get Philco interested in the barter program. Philco might rather sell for dollars than get involved in a two-sided operation. It may be possible that such a thing can be worked out, and we would be interested in hearing about it.

Q. Would it be reasonable to say that if the Department of Defense had two offerers who were bidding identically and one prospective supplier would be willing to take barter - would he be likely to get the contract?

A. Yes, he would get preference under existing Defense Department procurement regulations.

Q. You can see what a field that opens up. We have taken up the case of Philco - the same advantage would apply to them, I suppose, as would apply to the importer of strategic materials.

A. That is true. However, such firms have so far expressed no interest in the barter program. And it would presumably mean acquisition of domestically

produced material through barter.

Q. I represent a company importing fluorspar and other chemicals and minerals for a number of years which operates companies outside of the United States. We are interested in the exchange or barter of chemicals and minerals for agricultural products. Can you help us?

A. We would welcome your coming in with an offer of whatever material you are acquiring from your production abroad. At present, we are not in the market for fluorspar.

Q. What are the prospects of nations participating in the Public Law 480 program lending the local currencies resulting from the sale of U. S. agricultural commodities to private enterprise in the near future?

A. (by Mr. O'Leary) This is not a question which you can answer on a shotgun basis. The degree of uniformity is not 100%. Conditions vary in different countries.

In some countries the government handles economic development directly without private industry participation. In others the government does not get into industry at all and the money would all be relent to private firms or individuals. There are various countries in between the two extremes, where part will be used by the government and part reloaned to private enterprise.

Many United States firms which have made a business of going into foreign countries, associating themselves with local groups and local capital, are investigating this aspect of the program at the present time. This is handled by the International Cooperation Administration. Many countries that have these agreements have agreed that a certain percentage will be reloaned to private industry.

Q. What is the situation of Brazil as regards the interest rates which will be charged to private firms?

A. That is a very delicate point. The government of Brazil will, through the banks, establish rates at which money will be reloaned. If we interfere with that interest rate, it would come close to interfering in internal affairs of that country.

The best approach about such loans is to the Controller's Office of ICA in Washington and to the ICA Mission in the country in which you are interested. The extent to which foreign firms, American or other, will participate, I cannot say.

In anything of that kind, you have got to have some dollar investment.

Q. Does that fall under the ICA regardless of whether they have a program in that country?

A. The President, by Executive Order, divided the responsibility as follows: Sales - Secretary of Agriculture; Agricultural market development - Secretary of Agriculture; Loans - ICA; Purchase of Strategic Materials - Office of Defense Mobilization, and so on.

Q. I think I remember reading that the agreement with Brazil was the only one that took care of the relending of funds to private industry.

A. At the time that you read that, I think that was the case. That is not to say that under agreements entered into prior to that time, loans will not be made to private firms even though the agreements did not specifically require it.

MR. DUNKLEBERGER:

This brings us just about to the end of the time allotted for presentation and discussion of the items on the formal agenda. We know that some of you have other questions or problems which you would like to discuss individually with the various government agency representatives who are here today and we will be glad to make ourselves available for this purpose. I would like to call on Mr. Daniels for closing remarks on behalf of the government participants in the meeting.

MR. DANIELS:

I would just like to thank all of you for your expression of interest by taking time off from your businesses to listen to a group of Washington folks talk about their various programs and activities relating to maintaining and increasing our agricultural commodity exports. You have shown a very considerable patience in listening to us talk throughout most of today's meeting. We hope that the result has not been merely the substitution of surplus words for some of our surplus commodities. In a more serious vein, we would appreciate a frank expression of your reactions to meetings such as this. Has it really been helpful to you? Are there items we haven't covered which you feel might be included in future meetings in other cities?

FLOOR COMMENT:

Speaking for myself and I believe for others present, I wish to say that this meeting has been most productive and has certainly afforded an opportunity to become acquainted with the various policies and programs which the government has developed to facilitate the export sale or other disposition of our

surplus agricultural commodities. We wish to thank the Department of Agriculture for holding one of these meetings in the Philadelphia area.

FLOOR COMMENT:

I would like to join in those observations and point out in addition that we particularly like the idea of having participation of the various commercial interests concerned in the agricultural commodities export business - exporters, banks, shipping and transportation services, etc.

FLOOR COMMENT:

I think the charts and pick-up of publications and other materials you have at the meeting are very helpful. In response to your request for ideas in connection with future meetings, I would suggest you try to work out, if at all possible, a step-by-step presentation of the various program operations. I realize that the programs vary but perhaps some such summation could be developed.

MR. DANIELS:

I appreciate the comments and suggestions you have made. We will certainly do what we can to put them into effect. Repeating what was said at the beginning of today's meeting - thank you all again for being with us today and thanks to the organizations and individuals here in Philadelphia who have helped in arranging the meeting.

End of Afternoon Session

LIST OF TRADE PARTICIPANTS IN U. S. DEPARTMENT OF AGRICULTURE MEETING ON AGRICULTURAL EXPORT TRADE PROGRAMS HELD IN PHILADELPHIA JANUARY 22, 1957

EXPORTERS, IMPORTERS, PROCESSORS & DISTRIBUTORS

American Chemical Paint Company
Ambler, Pennsylvania

L. A. Dorsay

W. Atlee Burpee Company
Hunting Park Ave. & 18th Street
Philadelphia 32, Pennsylvania

Joaquin O. Monerieff

Davies, Turner & Company
113 Chestnut Street
Philadelphia 6, Pennsylvania

R. N. Britton

Florida Citrus Exchange
P. O. Box 2349
Tampa 1, Florida

Howard N. Baron, Director
Export Division

Lenape Trading Company
233 Broadway
New York, New York

E. J. Beattie

P. R. Markley, Inc.
Lafayette Building
Philadelphia 6, Pennsylvania

E. L. Frazier
George S. Moyer
E. P. Perry, Jr.

Morrell-Felin Company
4142 Germantown Avenue
Philadelphia, Pennsylvania

J. W. Hyatt, Asst. Sales Manager

Pennsalt International Corporation
3 Penn Center Plaza
Philadelphia 2, Pennsylvania

John H. S. Barr

Publicker Industries, Inc.
1429 Walnut Street
Philadelphia 2, Pennsylvania

R. D. Christ

D. Scrivanich & Company
1343 Arch Street
Room 604
Philadelphia 7, Pennsylvania

D. Scrivanich

Solomon Bros., Poultry Corporation
70 Gansevoort Street
New York, New York

Ely Solomon

Southern States Cooperative
Richmond, Virginia

James E. Coleman, Manager

Turk's Head Inn
West Chester, Pennsylvania

Bay O. Weller

S. M. Wolff Company
60 Hudson Street
New York 13, New York

Ross Connelly

TRADE ASSOCIATIONS AND ORGANIZATIONS

Commercial Museum
City of Philadelphia
Philadelphia 4, Pennsylvania

James Ballantine
Edward J. Hunter
Ruth Hoffman Hunter
Edward Stone

TRANSPORTATION, WAREHOUSING, FREIGHT FORWARDING & RELATED SERVICES

Board of Harbor Commissioners
P. O. Box 1191
Wilmington, Delaware

W. R. Fawcett
Thomas J. Newell

Bull Insular Line
Pier 19, North
Philadelphia 6, Pennsylvania

A. R. Iseminger

Delaware River Port Authority
P. O. Box 69
Camden, New Jersey

C. Nelson Bean
J. Alex. Crothers, Director
John H. Frazier, Coordinator
Port Development Department

Dickmann, Wright & Pugh
355 Bourse Building
Philadelphia, Pennsylvania

Philip C. Davis
John F. Enerle

Erie Railroad Company
1503 Finance Building
Philadelphia, Pennsylvania

Daniel R. Hoffman

Grace Line, Inc.
Room 319, Public Ledger Bldg.
Philadelphia, Pennsylvania

Joseph F. X. Fasy

International Expediters, Inc.
Bourse Building
Philadelphia 6, Pennsylvania

Paul Sustek

Lavino Shipping Company
3 Penn Center Plaza
Philadelphia, Pennsylvania

John E. Ferguson
Thomas P. O'Neil, Jr.

Merchants Warehouse Company
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Richard H. Bimmer

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Bourse Building
Philadelphia 6, Pennsylvania

Edward Desher

TRANSPORTATION, WAREHOUSING, FREIGHT FORWARDING & RELATED SERVICES (Cont'd.)

New York Central System
906 Finance Building
Philadelphia, Pennsylvania

Millard V. Petticord, District Foreign Freight Salesman

Norton, Lilly & Company
Bourse Building
Philadelphia 6, Pennsylvania

F. Ross Crumlish

Pennsylvania Railroad
Philadelphia, Pennsylvania

Alex. Mushala

Philadelphia Port Bureau
Bourse Building
Philadelphia 6, Pennsylvania

J. P. Hatch
C. J. Willimann

Reading Company
Reading Terminal
Philadelphia 7, Pennsylvania

J. G. Vandegrift, Foreign Freight Traffic Manager

South Jersey Port Commission
Foot of Beckett Street
Camden 3, New Jersey

Joseph Palese

Stockard Shipping and Terminal Co.
Bourse Building
Philadelphia 6, Pennsylvania

Thomas Denny

Terminal Warehouse Company
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Philadelphia 23, Pennsylvania

H. R. Bradshaw

United States Lines Company
1310 Mall Building
Philadelphia 5, Pennsylvania

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T. J. Mylotte
W. P. Searfoorce

Virginia State Ports Authority
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Norfolk 10, Virginia

George E. Miller

BANKS

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Philadelphia 1, Pennsylvania

Russell P. Sudders, Asst. Cashier

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315 Chestnut Street
Philadelphia 6, Pennsylvania

George W. Tomlinson, Assistant Treasurer

S. E. Corner, 15th & Chestnut Sts.
Philadelphia 1, Pennsylvania

John L. Grant
Ralph M. Henry

BANKS (Continued)

Girard Trust Corn Exchange Bank
Broad & Chestnut Street
Philadelphia, Pennsylvania

William T. Carey
W. G. Hopkins
E. H. Krall
Jan J. Wieckowski

The Philadelphia National Bank
Philadelphia 1, Pennsylvania

George F. Carter
Clarence W. Hallett
Frederick C. Rieck, Asst. Cashier, Foreign Department
Paul W. Schniewind
T. Graydon Upton, Vice President, Foreign Department

PUBLIC AGENCIES

Chamber of Commerce of Greater Philadelphia
121 South Broad Street
Philadelphia 7, Pennsylvania

Ralph J. Alleman
William Dawson

Philadelphia Department of Commerce
Rittenhouse Claridge
Philadelphia, Pennsylvania

Edward J. Walsh, Div. of Port Operations, Publicity & Promotion

U. S. Department of Commerce
1015 Chestnut Street
Philadelphia 7, Pennsylvania

Belle Cohen
Donald H. Marks
Charles R. Matheson, Business Analyst
Patrick McCabe
William M. Park, Business Analyst

OTHER

The Philadelphia Bulletin
Philadelphia 1, Pennsylvania

William Forsythe

LIST OF PUBLICATIONS, PAMPHLETS, ANNOUNCEMENTS, AND OTHER PRINTED INFORMATION MADE AVAILABLE FOR GENERAL DISTRIBUTION AT THE CSS-FAS PHILADELPHIA AGRICULTURAL COMMODITIES EXPORT TRADE MEETING JANUARY 22, 1957

OFFICE OF THE GENERAL SALES MANAGER - CSS

Export Credit Sales Announcement GSM-1, Revised
Export Credit Sales Announcement GSM-2, Tobacco
CCC Export Credit Sales Program - "How It Works" - Pamphlet
CCC Monthly Sales List (sample issue)
Proceeds from Dispositions of Price Support Inventories - Tabular Summaries

BARTER AND STOCKPILING DIVISION - CSS

Memorandum to Barter Contractors from Director
Speciman Letter of Credit for Use Under Barter Contracts
Barter of CCC-Owned Agricultural Commodities - Information Sheet on Procurement by Department of Defense
Press Release regarding Barter Operations for April-June and Fiscal Year 1956 - September 17, 1956
Public Laws 480, 25, and 387
Agricultural Provisions of Barter Contracts

FISCAL DIVISION - CSS

Information Letters Nos. 7 through 12 - Memorandums to Banking Institutions interested in Financing Operations Under P.L. 480
Ocean Shipment Data - Title I, P.L. 480 (CCC Form 105)
Advice of Vessel Approval (CCC Form 106)
Supplier's Certificate (CCC Form 329)
Cotton Supplier's Certificate (CCC Form 329-1)
Flour Supplier's Certificate (CCC Form 329-2)
Notice of Assignment (CCC Form 334)
Financing Operations Under Title I, P.L. 480, July 12, 1956
Instrument of Assigment (CCC Form 335)
Transmittal Letter No. 1 - "Specimen Letters of Credit", Nov. 5, 1956
Transmittal Letter No. 2 - "Specimen Letters of Credit", Dec. 5, 1956

FOREIGN AGRICULTURAL SERVICE

Foreign Crops and Markets (sample issues)
Foreign Agriculture (sample issues)
F. A. T. "DIGEST" (sample issues)
F. A. T. "Trade by Countries" (sample issue)
World Agricultural Situation (sample issue)
Foreign Agricultural Situation - Trading in Competitive Markets (Chart Book issued November, 1955)
Competitive Position of U. S. Farm Products - March, 1956

FOREIGN AGRICULTURAL SERVICE (Cont'd.)

Postwar Development of Agricultural Production and Food Consumption in Western Europe - June, 1956
Status of Quantitive Import Control over Selected U. S. Agricultural Export - 16 European Countries - June, 1956
World Import Duties on United States Dairy Products - March, 1956
Facts on United States Agricultural and Other Imports - April, 1956
Services to U. S. Agricultural Exporters - November, 1956
Check-list of FAS Publications (Periodicals for which mailing lists are maintained) to be used as order blanks
Brief Explanation of Operations Under Title I, Public Law 480 (Letter of Commitment Method of Financing)
Title I, Public Law 480 Regulations Revised - March 6, 1956
Table I. -Commodity composition of programs under Title I, P.L. 480 agreements signed from beginning of program through October 31, 1956
Table II. -Approximate quantities of commodities under agreements signed from beginning of program through Oct. 31, 1956
Table III. -Planned uses of foreign currency under Title I, P.L. 480 agreements signed from beginning of program through October 31, 1956
Title I, P.L. 480 - Agreements signed from beginning of program
Title I, P.L. 480 - Shipments January, 1955 - June, 1956 by Country and Commodity

EXPORT-IMPORT BANK OF WASHINGTON

"Financing United States Overseas Trade" - Pamphlet
"Questions and Answers" - Pamphlet
"Financing Dollar Exports of Surplus U. S. Agricultural Commodities"- Paper
"Outline of Operating Procedures That are Generally Applicable In Financing Exports of United States Agricultural Commodities Through the Export-Import Bank of Washington" - Paper
Press Release dated September 11, 1956 announcing Export-Import Bank's plan of stepped-up assistance in financing exports of surplus agricultural commodities

UNITED STATES DEPARTMENT OF COMMERCE

The Department of Commerce had a display including publications and printed material pertaining to the export trade and agricultural commodities.

Attachment 4

REPORT ON PHILADELPHIA AGRICULTURAL EXPORT TRADE MEETING CONTAINED IN COMMERCIAL AMERICA,* FEBRUARY, 1957, PAGE 18

THE PHILADELPHIA TRADE AND CONVENTION CENTER

Agricultural Conference

Overseas distribution of United States agricultural surpluses constituted the topic of a Department of Agriculture conference at the Philadelphia Trade and Convention Center January 22.

Government officials told a group of local exporters, bankers, and transportation men how the Government was working with private industry to send wheat, corn, rice, dried milk and other surplus farm products around the world to relieve food and commodity shortages.

Surplus products bought up by the Government to maintain farm prices are used first for domestic needs, and the remainder is distributed throughout the free world, explained Frank C. Daniels, vice president of the Commodity Credit Corporation. Such distribution is made through private exporters, mostly for dollars, on credit if necessary, and partly for foreign currencies or in barter for foreign goods of various kinds, he said. In addition, this country has made large donations of food and other commodities to nations in time of disaster.

Since 1953 total dispositions of "price support" inventories have reached the huge figure of about five billion dollars. The share disposed of through barter arrangements has been growing steadily. In the fiscal year ending last June 30 it ran to nearly $300,000,000 and almost trebled the figure for the preceding year. For fiscal 1956 it amounted to about one-sixth of total dispositions, compared with about one-tenth of 1955 dispositions.

Patrick M. O'Leary, of the Foreign Agricultural Service, described the work done by that agency in helping create and expand overseas markets for farm surpluses. Martin J. Hudtloff, of the Commodity Stabilization Service discussed transportation arrangements, and F. D. Brenchley of the same agency described credit procedures. Barter transactions were taken up by Robert O. Link of the agency. Others who spoke included Ralph E. Spencer of CSS, F. Richard Burke of the Agricultural Marketing Service, and George Galloway of the Export-Import Bank of Washington. Harry I. Dunkelberger of CSS acted as discussion leader.

A feature of the day was a luncheon talk by Gordon Lamont, director of the Dairy Society International, who had returned recently from trips to Colombia and Thailand. Mr. Lamont told of his organization's program for use of dried milk surpluses in combating malnutrition and infant mortality in those two countries. Seventeen countries altogether are on the list for similar action, he said. Care is exercised to avoid injuring local output of farm commodities, he added.

* Publication Issued by the Board of Trade and Conventions of the City of Philadelphia

Joining in plans for the meeting were the city's Board of Trade and Conventions, the Delaware River Port Authority, the Philadelphia Port Bureau, the Foreign Traders Association of Philadelphia, the Chamber of Commerce of Greater Philadelphia and several local banks. John H. Frazier, Port Authority coordinator, handled arrangements. Edward J. Hunter, chief of the Trade Promotion Division of the Trade and Convention Board, welcomed the conferees.